

Now Pravda Seeks the Truth on Trotsky

By David Remnick
Washington Post Service

MOSCOW — A landmark article published Friday by Pravda said "there are grounds to believe" that Leon Trotsky "was not an enemy of the revolution and socialism" during his years in the Soviet hierarchy between 1917 and 1924.

Affirming what has long been believed by Western historians, an article in the Communist Party newspaper also said that Stalin, Trotsky's enemy and rival for Soviet leadership, probably ordered Trotsky's assassination in Mexico in 1940.

Although the article is not a completely positive assessment of Trotsky, it is the clearest sign yet that Mikhail S. Gorbachev's intention to fill in the "blank spots" of Soviet history could soon include Trotsky's rehabilitation.

The article, entitled "The Demon of the Revolution," was written by Dimitri Volkogonov, a historian and army general.



the state's founder, Lenin, had once called Trotsky a "Judas," but said that Trotsky "must be given his due."

"Being quite a talented publicist, speaker and organizer, Trotsky played a well-known role in the October Revolution," General Volkogonov said, citing Trotsky as founder of the Red Army.

The article is an excerpt from General Volkogonov's work-in-progress, "Triumph and Tragedy," the first officially sanctioned biography of Trotsky.

Ever since Stalin exiled him from the Soviet Union in 1929, Trotsky has been officially considered a foreign agent and "Trotskyism" has been a term of profound anti-Sovietism. Photographs of the early Bolsheviks were retouched to remove Trotsky's face, and his voluminous historical and theoretical writings are still unavailable here.

Some of the other old Bolsheviks who battled Stalin for power after

the death of Lenin in 1924 — figures such as Nikolai Bukharin and Lev Kamenev — have already been rehabilitated by a historical commission set up last year by Mr. Gorbachev, the Soviet leader.

Although Mr. Gorbachev personally criticized Trotsky in a speech in November, Soviet historians have been given greater freedom to discuss various figures of the past despite their ideological "mistakes."

General Volkogonov credited Trotsky with understanding of, and resilient opposition, to Stalin. Trotsky, the article said, understood Stalin's "motives and intentions from within."

While the article acknowledged Trotsky's work in the early years of the state, it also said that he later "slipped down to anti-Soviet and anti-Marxist positions" while in exile.

Western biographers such as Isaac Deutscher have long insisted that Stalin was behind Trotsky's murder. The Pravda article said that Stalin was obsessed with Trotsky's caustic assessments published abroad and he plotted to kill Trotsky so as to fulfill his own "Caesarian" designs.

■ Lift on Ban Sees

The works of author Alexander Solzhenitsyn might be published in the Soviet Union as early as next year, a Soviet poet, Andrei Voznesensky, said in Copenhagen on Friday, Agence France-Presse reported.

Mr. Solzhenitsyn, who won the Nobel Peace Prize in 1970, was stripped of his nationality and expelled from the Soviet Union in February 1974.

Soviet Spacecraft Seems Lost

The Associated Press

MOSCOW — The head of Soviet space research, Roald T. Sagdeev, said Friday that "only a miracle" could save the Phobos 1 probe, bound for Mars. He said that an erring ground controller sent an incorrect message to the probe.



Israeli troops leading away detained youths for questioning on Friday in the West Bank village of Kfar Malik. (The Associated Press)

Israel Arrests 200 PLO Backers in Gaza

The Associated Press

JERUSALEM — Israeli security forces arrested in the Gaza Strip on Friday more than 200 activists supporting the Palestinian Liberation Organization, the army said.

It said this had broken up a clandestine network that organized subversive activities in the Gaza Strip.

The roundup came as Islamic fundamentalists mounted a strike intended to shut down activity in most of the occupied lands.

The strike call was a challenge to a rival group favoring the PLO, the United National Leadership of the Uprising.

In some areas, Islamic fundamentalists fought PLO supporters with stones and fists.

In other developments, police said a Palestinian who allegedly collaborated with Israel was assassinated in Jaffa.

Hospital officials said four Palestinians, including a 14-year-old boy, were shot and wounded in clashes with Israeli troops near the West Bank town of Nablus.

Arab residents reported that several hundred Israeli soldiers, using a new tactic to combat the nine-month-old Palestinian uprising, sealed off the West Bank village of schools.

But tensions between the Kurds and the Sunni Arab minority that ruled in Baghdad led General Barzani to rebel again, in 1974. He had covert aid from the United States, Israel and Iran.

But in March 1975, the shah struck a deal with Iraq, leaving General Barzani to order the end of hostilities and go into exile in the United States. He died there in 1979.

Iraq razed hundreds of Kurdish villages along its borders with Iran, Syria and Turkey. Hundreds of thousands of Kurds were resettled inside Kurdistan or deported to the south. The authorities launched a campaign of Arabization, and sent Arabs to Kirkuk to dilute the Kurdish character of that vital oil center.

Beginning about 1977, Baghdad began investing large sums of money in the area, strengthening government influence and weakening that of Kurdish nationalists.

But the outbreak of the Gulf War of 1980 proved a boon for Massoud Barzani, who had assumed the leadership of the Kurdish Democratic Party long dominated by his father.

Young Kurds went to the mountains and joined the rebels rather than be drafted into the Iraqi Army. Iran at first attached low priority to helping its traditional Kurdish allies, preferring to bet on fellow Shiites, who constitute the majority in Iraq, to overthrow President Saddam Hussein.

By early 1983, Iraq turned again to the Kurds to force Iraq to divert troops from the crucial southern front. Tehran aided Mr. Barzani and enlisted Jalal Talabani, leader of the Patriotic Union of Kurdistan, who broke off negotiations with Baghdad to join the battle.

Iraqi Kurds took their chances knowing that the war represented both a maximum opportunity to achieve their objectives and a maximum danger.

Never before had the Kurds waged such large-scale warfare. Guerrillas staged hit-and-run raids against oil installations around Kirkuk. Eventually, the Kurds claimed a 10,000-square-kilometer (4,000-square-mile) "liberated" zone.

Yet never before had Baghdad possessed such a military arsenal: helicopter gunships, fighter-bombers and chemical weapons.

According to various reports and a United Nations study, in March Iraq killed about 4,000 Kurdish civilian residents of Halabja with chemical weapons. Baghdad intended to punish the guerrillas for helping Iran capture that Iraqi border town.

Since the Aug. 20 cease-fire in the war, the Kurds have been the target of reprisals. As they retreat, the Kurds have assaulted the lack of effective world reaction to Iraq's use of chemical weapons.

And as their losses mount, some Kurdish intellectuals say that Kurds eventually may decide that armed struggle is a futile way to obtain Kurdish rights.

Mr. Barzani, however, seems condemned to fight on.

"He has no choice," a prominent Kurd said. "For Kurds, he'd be the loser now if he crossed into Iran or surrendered."

Turkey denied on Friday reports

added that those held also planned about 30 attacks against Israeli Army patrols.

Major General Yitzhak Mordechai, commander of the Gaza Strip, was quoted by Israeli radio as saying he may recommend deportation for some of those detained. Israel has deported 33 Palestinians since the uprising began in December, despite international protests.

The strike is part of a power struggle between Islamic militants who oppose any negotiated settlement with Israel and PLO supporters leaning toward peace talks.

The Islamic Resistance Movement has a large following among the 650,000 residents of the Gaza Strip, but its support has traditionally been weaker in the West Bank, where 850,000 Palestinians live.

WORLD BRIEFS

U.S. Supports Launchings by China

WASHINGTON (AP) — The State Department said Friday that it was giving conditional approval to the launching of U.S.-made communications satellites by China.

If it receives final approval, the transaction would be the first of its kind involving a "non-Western" country, the State Department spokesman, Charles E. Redman, said. Both Congress and a grouping of Western Allies that monitors high technology transfers must consent to the deal before it is completed.

Mr. Redman said Hughes Aircraft Company submitted a license application for the launch of two of its satellites ordered by an Australian group, AUSSAT. He added that conditional approval also had been given for the launch of a third U.S.-made satellite on a Chinese launch vehicle.

Botha Will Meet Mozambique Leader

MAPUTO, Mozambique (Reuters) — President Joaquim Chissano and President Pieter W. Botha of South Africa will meet on Monday in the Mozambican town of Songo, the Mozambican news agency announced on Friday.

The meeting will be their first, and the first South Africa-Mozambique high-level conference since Mr. Botha and Mr. Chissano's predecessor, Samora Machel, signed a nonaggression pact known as the Nkomati accord in 1984.

Mozambique has repeatedly accused South Africa of violating the Nkomati agreement, under which Pretoria promised to stop aiding the leftist Mozambique National Resistance Movement.

Manila Rejects U.S. Offer on Bases

MANILA (UPI) — Foreign Secretary Raul Manglapus said Friday that he had rejected a U.S. offer of \$502 million for the use of military bases and that he was standing firm on his demand for a \$1.2 billion annual compensation.

Mr. Manglapus for the first time gave details of his stalled negotiations with the U.S. ambassador, Nicholas Platt, at a news conference before his departure for the United States on Sunday. The talks, which started April 5, were recessed Aug. 17 to allow Mr. Platt to confer with U.S. officials and Mr. Manglapus to attend the UN General Assembly opening next week.

Mr. Manglapus confirmed that the Philippines is seeking \$1.2 billion from the United States for each of the last two years of the treaty covering Clark Air Base and Subic Bay naval complex.

Officer Calls Gibraltar Attack a Shock

GIBRALTAR (AFP) — The police chief of Gibraltar testified Friday that he was shocked when British soldiers gunned down three members of the Irish Republican Army on March 6 instead of arresting them.

Commissioner Joseph Canepa repeated at a coroner's inquest that he had authorized the security forces to intercept, disarm and arrest Michael Farrell, Daniel McCann and Sean Savage. Answering questions from Patrick McGroarty, a lawyer for the family of the three, he agreed that the shooting had been unexpected and unwanted.

Asked why the security forces had not arrested Mr. Savage, who was detected hours earlier with a car, Mr. Canepa replied that his surveillance officers were not certain whether Mr. Savage was driving the car or whether the car contained a bomb. Mr. McGroarty asserted that the people of Gibraltar had been put at risk and that the only reason that Mr. Savage had not been arrested was because the security forces wanted "all three in the bag."

For the Record

The syndicated columnist Carl T. Rowan was in good condition Friday at Georgetown University Hospital in Washington after he fainted as he walked out of an auditorium where he had delivered a speech. The columnist, an outspoken opponent of handgun use, is scheduled to go to trial Sept. 22 on charges of using an unregistered handgun in the wounded of a teen-ager.

Tunisia will hold presidential and legislative elections on Nov. 7, 1989. President Zine Abidine Ben Ali said in an interview published Friday in the Paris daily Le Monde. Mr. Ben Ali, who had been prime minister, forced President Habib Bourguiba from office last Nov. 7, saying the president was senile.

A Protestant activist in Ulster was shot and killed on a train near Belfast on Friday by two assailants disguised as mailmen. The police said the victim, Colin Aherne, 30, was a district treasurer in the Ulster City. A Protestant group organized to resist the 1985 British-Irish agreement that gives Ireland an advisory role in the British-ruled province.

Three people injured at the Ramstein air show died Friday, raising the death toll to 59, officials said in Frankfurt. Scores of people were injured when an Italian jet stunt team crashed at the show on Aug. 28.

TRAVEL UPDATE

Nearly 800 workers on rail lines between New York City and its northern suburbs and Connecticut held an unauthorized strike Friday morning, forcing 95,000 commuters and other travelers to find other transportation. Amtrak operations were not immediately affected by the strike.

Foreign airlines serving the United States would be required to file written security programs and have them approved under new regulations proposed Thursday. Federal Aviation Administration officials said the proposed change was part of a general tightening of security and would give the FAA more control over the foreign airlines' programs to protect passengers and property against violence and air piracy. (Kinder)

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AMERICAN TOPICS

Sweatshops on Rise, Congress Study Says

Sweatshops, once associated mainly with the garment industry in big American cities, are resurfacing there and spreading into restaurants and meat processing as well, according to an analysis by the General Accounting Office, the congressional investigative agency, which was made available to The New York Times.

"Thousands of shops employing workers at well under the \$3.35 hourly U.S. minimum wage for long hours under poor conditions exist in nearly every section of the country," The GAO defines a sweatshop as a business that "regularly violates both wage or child labor and safety or health laws."

Sweatshops first became a major national issue in 1911 when a fire at the Triangle Shirtwaist Co. in New York City killed 146 garment workers. Fire doors had been locked to keep employees from leaving the building with stolen goods, trapping many victims; others fell to their deaths when the single fire escape collapsed.

The study, made at the request of Representative Charles E. Schumer, a New York Democrat, said federal budget cuts had reduced the number of government inspectors. A rise in immigration has created a pool of workers who can be easily exploited. And the study says penalties under the Fair Labor Standards Act are considered inadequate.

Shorter Takes

The U.S. tobacco crop is faring well in the midst of the drought that has laid waste much of American agriculture. Despite erosion in the American market, which has been losing smokers at the rate of nearly 2 percent a year because of health concerns, world consumption of tobacco has continued to grow, and export demand in recent years has been strong. "Tobacco, weed that it is, is a survivor," says Earl Beatty Jr., a Missouri tobacco



A Virginia state trooper, M. L. Tice, with his new partner.

farmer. "Most of the time it's going to live when even the grass withers."

The world map behind the speaker's stand in the State Department press room, during most of the Reagan administration, has shown the continents a pumpkin orange against a midnight-blue sea. Print reporters did not mind, but the orange grated on television crews because it tended to give press aides' complexions an unhealthy pallor. Last week, reporters found the orange replaced by a light shade of gray. Phyllis Oakley, a spokeswoman, said: "We have changed the color to lighten it, on the recommendation of network consultants."

Virginia state troopers have joined the estimated 50 other police and fire departments and ambulance services that give teddy bears to traumatized children to comfort them and soften the image of armed officers. When children have been in an accident or witnessed one, or have been crime victims, said Lieutenant Colonel W. F. Corvello of the

Arthur Higbee

Provisions of House Anti-Drug Bill Are Criticized as Attack on Rights

The Associated Press

WASHINGTON — Opponents of measures passed by the House of Representatives adding the death penalty and other tough measures to an anti-drug bill and Friday that

the provisions turn the war on drugs into an attack on the U.S. Constitution.

The amendments, approved Thursday, would deny such government benefits as housing loans and college grants to convicted drug users and permit the use of illegally seized evidence.

"Some of the things that sound rough and mean and anti-drug are anti-people," said Representative Charles B. Rangel, Democrat of New York. He had offered alternatives to both the death penalty and to the provisions denying benefits.

Mr. Rangel, interviewed on a CBS television program, said the bill, if it became law, could penalize innocent family members of drug-abusing veterans by forcing them out of public housing and by denying pensions to widows.

Appearing in the same program, Representative Bill McCollum, Republican of Florida, defended the amendments. He said that Mr. Rangel's proposals would have left no sanctions against college students.

He called the veterans issue "bogus" since drug convictions could not deny them retirement, disability or health benefits.

Others joined Mr. Rangel in criticizing the amendments.

Following the vote Thursday, Representative John Conyers Jr., Democratic of Michigan, said: "We've assaulted a great many Bill of Rights provisions. I have yet to count how many are still standing."

Mr. Conyers is chairman of the House Judiciary subcommittee on criminal justice.

The Senate voted in June, 65 to 29, to permit the death penalty for narcotics dealers convicted of murder in drug crimes, and for drug "kingpins."

Under the law's definition, kingpins are those who supervise five or more people, commit at least three federal drug felonies and derive substantial income from a criminal enterprise.

The House voted Thursday, 299 to 111, for an amendment by Representative George W. Gekas, Republican of Pennsylvania, that would allow federal judges to impose the death penalty on someone convicted of a murder during a drug-related felony.

It approved, 335 to 67, a proposal by Mr. McCollum that would deny many federal benefits to anyone convicted of two drug offenses,

6-Hour Strike in Argentina

The Associated Press

BUENOS AIRES — Argentina's largest labor federation held an eight-hour strike Friday to protest the government's economic policies, interrupting public transportation and stopping thousands of people from getting to work.

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Foreign Lobbying Issue Lurks In Bush and Dukakis Camps

By Michael Iskikoff

Washington Post Service

WASHINGTON — Shortly after he resigned in early 1985 as Vice President Bush's chief of staff, Daniel J. Murphy flew to the Bahamas in an effort to persuade Prime Minister Lyndon O. Pindling to hire him for negotiations with the United States on money laundering.

The two did not hit it off. Mr. Pindling, Mr. Murphy said in recent Senate testimony, "kind of threw me out of the office."

But Mr. Pindling, whose government has been repeatedly accused of being easy on drug traffickers, soon turned to another firm with close ties to Mr. Bush. The firm, Black Manafort Stone & Kelly, received \$1 million in fees from Mr. Pindling's government in 1985 and 1986 after promising to begin "a counteroffensive to Pindling critics" and improve the prime minister's image in the United States.

The relationships between some of Mr. Bush's senior campaign aides and Mr. Pindling, coming after similar disclosures this week about another Bush adviser, Stuart Spencer, and the Panamanian leader, General Manuel Noriega, have given the Democrats another hot campaign issue.

House Democrats criticized the lobbying relationships as an example of what they call the "sleaze factor" in the Reagan administration. They noted that the Black Manafort firm has promoted its "personal relationships" with senior Reagan administration officials. In addition, three company executives are advisers to the campaign of Mr. Bush and his running mate, Senator Dan Quayle of Indiana. One is the director of scheduling, Paul Manafort.

"It's no wonder that George Bush has been losing the war on drugs," said Leslie Dach, the communications director for the campaign of the Democratic presidential candidate, Governor Michael S. Dukakis of Massachusetts. His headquarters was working for the other side."

Both Republican campaign officials countered Thursday that in the world of Washington lobbying, where success hinges on the perception of bipartisan influence, the issue cuts both ways.

"We didn't work for Pindling, we worked for the government of the Bahamas," said Charles Black, a principal in the Black Manafort firm, who is an unpaid adviser to Mr. Bush. "They came to town and said they wanted to improve their relations with the U.S. and we told them, 'If your goal is to be cooperative, we can help you.'"

"We accomplished a lot in furthering the war on drugs," he added. "The reason all this is coming up is that it is a political campaign and the Democrats do not have issues they can work on so they're taking cheap shots at the people that are working for Bush."

The Black Manafort firm has worked for several foreign lobbying clients, including the anti-Communist Angolan rebel group led by Jonas Savimbi. The Republicans

noted that the firm includes a number of prominent Democrats, such as Peter Kelly, a former Democratic Party treasurer and a principal fund-raiser for Mr. Dukakis.

In addition, a Democratic campaign consultant, David Sawyer acknowledged Thursday that a partner in his firm, Joel McCleary, had worked with Mr. Spencer in Panama when General Noriega was coming under criticism in the United States. Mr. McCleary, a former Democratic Party national treasurer, is no longer a partner.

Mr. Sawyer, who heads the Sawyer-Miller Group media firm, has a partner who is helping to coordinate Mr. Dukakis's media work. He said that Mr. McCleary had provided assistance to Mr. Spencer in meetings with General Noriega. Consultants for both the Repub-

licans and the Democrats said Thursday that the dispute over foreign lobbying could widen into other areas that could prove to be embarrassing.

Mr. Spencer, for example, was a registered lobbyist for South Africa in the early 1980s. The firm later merged with his Hecht & Associates, received about \$350,000 in fees for lobbying for the South Africans against economic sanctions in 1984 and 1985.

But several firms headed by well-known Democrats also have lobbied for the South Africans. And one of Mr. Pindling's closest allies in the United States has been the Reverend Jesse L. Jackson, who compared the Bahamian to Jesus Christ and the Reverend Martin Luther King Jr. in a 1986 speech at a banquet in Nassau.

THE HUSTINGS

Dukakis Is Accused of Inconsistency

ROCKFORD, Illinois (AP) — Vice President George Bush asserted Friday that his opponent, Governor Michael S. Dukakis, was shifting positions on military programs and said that "it's sometimes hard to keep up" with the Democrat's policy.

"Does he believe in defense against strategic missiles, or doesn't he?"

Mr. Bush asked in a speech to the Illinois Federation of Republican Women. Mr. Dukakis said Thursday that he would consider deploying a missile defense in space if research showed that it would work and if it was in the national interest.

"His position on SDI, calling it a fantasy one day, something he won't rule out the next," Mr. Bush told his audience, "suggests a confusion on basic facts." He also questioned Mr. Dukakis's pledge to modernize land-based weapons if essential while re-examining the MX and Midgetman missiles. "How do you modernize the land-based leg if you oppose the MX and Midgetman?" he asked.

Bush Dismisses Accused Campaigner

WASHINGTON (NYT) — Vice President George Bush's campaign organization has dismissed a member of a panel meant to enlist support among ethnically diverse groupings amid allegations by Jewish and Nazi-hunting organizations that the man was one of three members with antisemitic involvements or links to fascist groups.

Mark Goodin, a spokesman, said Thursday that the panel member, Jerome A. Breniar, was dismissed after it was learned that he had been active in efforts to defend John Demjanjuk, a one-time Cleveland autoworker who is appealing a sentence of death imposed in April by an Israeli court that found he had committed atrocities as a guard at the Treblinka death camp in Poland.

Mr. Goodin said Mr. Breniar's "association with John Demjanjuk put him at odds with Vice President Bush." As for the two other members in question, he added, "We have absolutely no substantiation at this point of any of these charges."

Reached in Cleveland, Mr. Breniar said: "I could have been an atheist. I could have been a polygamist. I could have been anything else and questions wouldn't have been asked. And now because I helped a poor victim, I'm everything under the sun."

Quayle Law School Entry Questioned

CLEVELAND (AP) — Senator Dan Quayle entered the Indiana University law school 18 years ago under a program designed to help minorities and the poor gain admission, the newspaper *The Plain Dealer* reported Friday, quoting school officials.

Cleon H. Faust, the law school dean who approved the program in 1969, said his memory of the program was that it was intended for blacks. "The program sort of made up for their background," he said.

Mr. Quayle, the Republican vice presidential nominee, said in Canton, Ohio, "I got into law school fair and square, and I did rather well there."

Arab League Criticizes Candidates

WASHINGTON (Reuters) — The Arab League has accused Governor Michael S. Dukakis and Vice President George Bush of "Arab bashing" and of giving unquestioned support to Israeli policies.

The League, in a statement Thursday, took issue with remarks by the presidential contenders in speeches Wednesday to the B'nai Brith, a Jewish service organization. Mr. Dukakis said he would "never recognize a unilateral declaration of a Palestinian state or government in exile." Mr. Bush said his administration would not support the creation of any Palestinian entity that would jeopardize the security of Israel.

For Koch, Rebuff From Her Honor

Mayor Gets a Civics Lecture in New York Courtroom

By Leonard Buder

New York Times Service

NEW YORK — Mayor Edward Koch made an unusual visit to a courtroom in Brooklyn, announcing that he would try to persuade a state judge to imprison eight collection agents who had stolen thousands of dollars from New York parking meters.

The judge rejected his plea, however, and scolded him for blaming "little people" rather than admitting a failure of city government.

The mayor told the judge, Ruth E. Moskowitz of the State Supreme Court, that he had never made such a personal appeal in his 11 years as mayor. In New York the Supreme Court is a trial court.

Mr. Koch asked Judge Moskowitz's permission to leave the courtroom after his remarks.

But the judge's definition, kingpins are those who supervise five or more people, commit at least three federal drug felonies and derive substantial income from a criminal enterprise.

In a clear reference to the municipal corruption scandals that

plagued the mayor's administration in 1986 and 1987, she said:

"I will note this is the first time the mayor is in a courtroom. He has never appeared when a commissioner was being sentenced. He has never appeared when a borough president or someone in high political office was being sentenced."

"These are the little people, and the little people commit crimes, too," the judge continued. "Little people are going to be treated just the way the big boys are treated."

The defendants could have received maximum prison sentences of 5 to 15 years, as well as being fined and ordered to make restitution.

All told, 34 former employees — virtually the entire field force of collectors — of the Cosmopolitan Courier Corp. were indicted last year on conspiracy and grand larceny charges in the theft of \$50,000 in quarters from the parking meters from July to October 1987.



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In Bangladesh Flood, No Place to Land

By Barbara Crossette
New York Times Service

GHATAIL, Bangladesh.—Brigadier General Subed Ali Bhuya remembers how, on the night of Aug. 30, he found thousands of people, leading cattle and carrying what they could salvage of their military outpost in northern Bangladesh.

Within days, General Bhuya and his infantry brigade were feeding and housing nearly 30,000 people, 12,000 head of cattle, and innumerable chickens and goats at the garrison near the Indian border.

"Their houses were washed away," he said Thursday. "It was a terrible human tragedy." In areas like this, the toll of Bangladesh's worst flood is most starkly revealed. Local officials think it will be three to six months before something resembling a normal existence returns.

The flooding this year is unlike the expected annual inundation that comes with the monsoon. It

has been a sudden flood, "out of season," with water coming from outside the national borders through the mighty river systems that descend from the Himalayas and course through delta after delta in Bangladesh.

On Thursday, the government in Dhaka, expressing shock at what it described as "an unprecedented human tragedy," called for an international panel of experts to look at the rivers of South Asia and devise plans to control them.

Here in Ghatail, which is in one of the most severely affected parts of the country, nearly 100 percent of the farmland is under water.

"There is no place to land even a helicopter," General Bhuya said of the outlying villages in this area in the Tangail district, nearly 100 miles (about 160 kilometers) north of Dhaka. Reporters were brought to the general's headquarters by a helicopter.

All of the district's 384,000 people have been displaced. General

Bhuya said. At least 247,670 houses have been damaged or destroyed. The region is cut off from almost all communications except radio telephone.

Bridges, culverts, and embankments—built to hold back floods—are gone and will have to be replaced. More than 1,100 miles of roads are submerged or eroded.

From a helicopter, roads are barely visible as they snake along under a murky surface. Where they rise above the waterline, they become home sites for families taking shelter in huts built of scraps.

The situation is as bad or worse across three-fourths of Bangladesh's land area and for most of the country's 110 million people. Other areas have no military base where refuge can be sought, no areas for grazing cattle.

Amala Hussain, waiting with her seven children for a meal of rice taken from the rations of the men at the Ghatail garrison, said on Thursday that throughout her life

of hardship as the wife of a landless tenant farmer she had "never seen anything like this."

The people around Ghatail live in small villages set in fields of rice and jute. Most men earn about \$1 a day when times are good. Mrs. Hussain's husband, Ahsan, had to supplement his field work with casual day labor. He stayed behind in the family home to guard it and salvage what he could.

Families like this will soon be short of food and clothing. Local officials say the recently planted rice crop is gone, and more than 3,000 head of livestock are dead. There are few shops and no money to offset these losses.

At the garrison, medical treatment is administered by army doctors and there is clean water to drink, but when flood victims return home they will have no medicine to fight respiratory or intestinal diseases or the bites of snakes, which have killed people all over Bangladesh this week. The national death toll from all causes during the flooding is about 510.

Government officials hope to bring places like Ghatail back to life through ambitious food-for-work programs, and these might begin to repair the country's basic communication links.

But the immediate need is food: rice, the staple, and wheat to make chapatis, the basic bread of South Asia.

"We thought we had experience with floods," Information Minister Mubashir Rahman said Thursday. "But this year has broken all the records."

In Dhaka, Bangladeshis see themselves as victims of an international ecological catastrophe whose causes their impoverished country cannot control.

South Asia's mountains are denuded and eroding in many places, and the cascade of earth and water brought here by rivers like the Ganges, Brahmaputra, Jamuna and Meghna grows more devastating to Bangladesh each year.

Geographically, nearly two-thirds of Bangladesh is riverine, given to flooding and erosion.

In the past, the government has sought to involve neighbors, especially Nepal, in plans to control the region's rivers. But India, the regional power whose participation is considered essential, continues to insist that the rivers are a bilateral matter between New Delhi and Dhaka.

Mr. Rahman said that his country was now taking concrete steps to draw Nepal, Bhutan and India into substantive talks on the river systems. He added that "involving China may also be ultimately necessary," because of the proximity of Tibet.

Under the agreement to be worked out between Washington and Beijing, China must agree that the price of its launching services will not be unfairly low.

Mr. Redman said the United States would consider the export of additional satellites to China on a case-by-case basis.

"The positive outcome in these cases reflects our continuing interest in expanding relations with China in which ways are mutually beneficial," Mr. Redman said.

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Both satellites will orbit at 22,300 miles (36,150 kilometers) above Earth.

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Five GTE relay stations have been carried into orbit by Ariane rockets, but the mission Thursday was the first launching of two satellites at the same time by the Europeans.

But anti-abortion groups have

opposed the use of fetal tissue transplants, partly on the ground that they might encourage women to have abortions.

In March, the Department of Health and Human Services halted all new federally supported research on fetal tissue transplants obtained from elective abortions until an advisory committee could make a comprehensive review of the scientific and ethical issues.

Fetal tissue has been transplanted into the brains of victims of Parkinson's disease in an effort to cure their tremors, and is being explored as a possible treatment for Alzheimer's disease, juvenile diabetes and other major illnesses.

Mr. Bauer's letter stated that the administration wanted to put the executive order through the clearance process at the Office of Management and Budget as soon as possible.

Student volunteers supplying drinking water to residents of Dhaka on Friday after the flooding.

In Nicaragua Forests, a War of Revenge

By Julia Preston
Washington Post Service

APANTILLO, Nicaragua.—The fighting has subsided in this mountainous hamlet, but the war is not over. The peasants of Apantillo are still waiting to see justice meted out to the men in Sandinista military uniforms who shot Mateo Lanzas, raped Carmensa Perez and lashed Santiago Rodriguez to a mule's tail to drag him to death.

In a community of 200 residents, 11 were killed in the past year in violence that witnesses said to Sandinista troops. Several dozen reports of political murders by government forces have surfaced in recent months in other settlements of north-central Matagalpa Province's tropical forests.

So far in the six years of war between the leftist Sandinista government and the U.S.-supported rebels, known as contras, political killings by the government were "sporadic and did not reflect a pattern," according to the human rights group Americas Watch.

Sandinista officials often moved aggressively to punish crimes by government troops.

But in a report last month, Americas Watch noted a series of killings of suspected contra collaborators in Matagalpa and warned, "The cases are numerous enough to suggest tolerance or complicity by higher authorities."

Farmers and clergy in Matagalpa maintained that since last year the discipline of the Sandinista forces has been breaking down while officials in the province have looked the other way.

In an interview this week in Managua, a government spokesman said the interior minister, Tomas Borge Martinez, and the defense minister, General Humberto Ortega Saavedra, responding to requests from Americas Watch and the Roman Catholic Church, ap-

pointed a special military commission in June to investigate the re-ports from Matagalpa.

Captain Neiba Blandon, the spokesman, said the government had no policy of going out and killing contra supporters. "It's against the principles of the Sandinista revolution," she said. "We've never even considered it."

In Apantillo, 130 miles (210 kilometers) northeast of Managua, to a mule's tail to drag him to death.

In one sweep, soldiers searched the hut of Carmensa Perez. She later told local authorities that one soldier raped her and stole the equivalent of \$5 cash, a fortune in the peasant economy.

Several peasants say they saw angry Sandinista soldiers tie Mr. Rodriguez to a mule and drag him to death.

Only a few weeks later, in June, 1987, a patrol of Sandinista militiamen tried to arrest 25-year-old Gonzalo Gilbert Picado at his shack in Apantillo on suspicion of being a contra courier.

Mr. Picado's wife has said her husband obeyed their orders to

strip naked for a search, then bolted for his horse. A soldier opened fire, she said, killing him in front of her and their children.

In January, contras closed around the hamlet, burning its Sandinista militia post and killing four soldiers. In one sweep, soldiers destroyed the hut of Carmensa Perez. She later told local authorities that one soldier raped her and stole the equivalent of \$5 cash, a fortune in the peasant economy.

The same month a man known as a local state security agent and a handful of soldiers seized Manuel Rizo in his house on a cattle ranch near Apantillo. Mr. Rizo's maimed, hacked body turned up a week later in a paddock.

Socorro Mejia, a mentally handicapped cocoa farmer, was arrested in March by army soldiers and security agents. His stabbed, gagged and blindfolded body was found four days later, witnesses said.

Five days later, Cruz Castillo, an aging farmer shrivelled by birth defects, was captured by soldiers. His

body was found the next day with many stab wounds.

That month, while Sandinista and contra leaders were meeting in the southern border station of Sapoa in talks that would result in a five-month cease-fire that is still partially in effect, a platoon of soldiers and state security police conducted house-to-house searches in Apantillo to round up suspected contra sympathizers, according to two witnesses.

They arrested five lay leaders of the local Catholic Church.

"Before, the contras were in control and after the army came through, the contras killed whoever might have helped the army," said the Reverend Richard Frank, an American Maryknoll missionary whose parish includes Apantillo.

"Now the army is moving in," he said, "and if the contras pass by, the soldiers do these killings to say, 'Don't help the contras.'

■ **Fires May Spread in Yellowstone**

The Associated Press

YELLOWSTONE NATIONAL PARK, Wyoming.—A chance of rain and snow raised fire fighters' hopes in Yellowstone National Park, but high wind Friday threatened to spread fires that have charred 1.2 million acres (480,000 hectares) and all but closed the park.

David Freeland, who commands fire fighters battling one 221,800-acre fire, said Thursday that "a lot of acreage could burn" over the weekend.

All but a small section of the 2.2 million-acre park, which is the nation's oldest, was closed to visitors to ensure an open path for fire trucks and to protect tourists. Fires also burned in Alaska, California, Idaho and Washington.

The new pattern of violence in Apantillo started in May 1987 when contras seized a farmer, Santiago Rodriguez, on a forest pathway and forced him to guide them.

The group stumbled into a Sandinista patrol, and a firefight erupted. Mr. Rodriguez was wounded in the crossfire while the contras fled.

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White House Would Let China Orbit Satellites

Reuters

WASHINGTON—The Reagan administration has approved the export of three communications satellites that would be put into orbit by China, the State Department said Friday. It would be the first U.S. satellite export for launching by a Communist country.

The White House approval is subject to agreement by Congress and the Western allies, and to an accord with China on strict controls to prevent the misuse or diversion of U.S. technology.

Two of the satellites are to be exported by Hughes Aircraft Corp. for AUSSAT of Australia and launched in 1991 and 1992. The other is the West Star 6 satellite recovered from space by a U.S. space shuttle in 1984. The West Star is to be launched in 1989 for Asiasat of Hong Kong, a British and Chinese consortium.

The State Department spokesman, Charles E. Redman, said the export of the satellites for launching by China did not indicate that the United States would relax its prohibition on the export of satellites to the Soviet Union for launching on its rockets.

He also said the administration intended to protect commercial satellite launching companies in the United States from unfair trade practices by government-owned launching services. Three U.S. companies are developing commercial launchers that will be available next year.

The United States suspended the launching of commercial payloads on the space shuttle after the explosion of the Challenger and the deaths of the seven crew members in January 1986.

Under the agreement to be worked out between Washington and Beijing, China must agree that the price of its launching services will not be unfairly low.

Mr. Redman said the United States would consider the export of additional satellites to China on a case-by-case basis.

"The positive outcome in these cases reflects our continuing interest in expanding relations with China in which ways are mutually beneficial," Mr. Redman said.

The approval of the U.S. satellite exports could run into problems in Congress. Several Republicans have objected that satellite shipments to China would amount to the approval of competition by foreign governments.

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75 Killed on Vietnamese Jet During Storm Near Bangkok

Compiled by Our Staff From Dispatches

BANGKOK—A Vietnamese airliner crashed near the Bangkok airport on Friday while trying to land in a heavy storm, killing 75 of the 81 people aboard, officials said.

A witness said he saw lightning strike the plane as it was approaching the airport. The witness, Surachart Aksornkit, said the twin-jet plane hit the ground and exploded.

Diplomats, international relief workers and business executives were among those killed in the crash of Air Vietnam Flight 831 from Hanoi.

The Soviet-made Tu-134 jet crashed in a rice field about 6 kilometers (4 miles) from Don Muang International Airport and exploded, said a Thai Air Force spokesman, Sommat Sundaravej.

One of the pilots reported that the plane had been struck by lightning, according to Tran Van Viet, third secretary of the Vietnamese Embassy. The pilot, Khong Din Phuong, was the only survivor who remained conscious. He and five others were seriously injured.

The dead included 28 of the 31 non-Vietnamese aboard, officials said. Among the Vietnamese dead were the health minister, Dang Hoai Xuan; the ambassador to the Philippines, Nguyen Phuong Vu; and other senior diplomats.

The pilot lost contact with the Bangkok control tower at 11:26 A.M., and the plane's signal disappeared from radar screens,

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Bangko

A Military Victory Seems Angola Goal

By James Brooke
New York Times Service

LUANDA, Angola — The Angolan leadership appears determined to press for a military victory in 13-year-long civil war, despite African, American and Soviet appeals for a negotiated settlement.

Instead of reconciliation, the Angolan government evidently calculates that two events may strengthen its hand for a successful final offensive against the guerrillas of the Union for the Total Independence of Angola, or UNITA.

First, officials openly hope that Governor Michael S. Dukakis of Massachusetts, the Democratic Party candidate, will win the U.S. presidential election in November. In June, Mr. Dukakis said: "Military aid to UNITA fans the flames of regional conflict in Southern Africa and should be halted."

By contrast, the Republican candidate, Vice President George Bush, met with the leader of UNITA, Jonas Savimbi, in Washington in June. Calling the Angolan rebel "a true patriot," Mr. Bush said that ending aid to the guerrillas would be "an immoral sellout of a loyal friend, and a foreign policy disaster."

A second event that would help Angolan militarily would be the independence of South-West Africa, also known as Namibia, which is administered by South Africa and is used as a supply base for guerrilla camps in southern Angola.

At the Defense Ministry here, Lieutenant Colonel Mario Placido Crilo de Sa, the Angolan Army's intelligence chief, smiled when asked if such an offensive was planned.

"We don't need Cuban troops to annihilate UNITA," he said.

Thus, the calls for a political solution have taken on a special urgency this summer, when Angolan, Cuban, and South African military diplomats are making an effort to set a timetable for the withdrawal of a Cuban expeditionary force. The Cubans have protected Angolan's Marxist government since the country achieved independence in 1975.

Several diplomatic businessmen, and aid workers interviewed in Luanda have expressed skepticism that Angolan government troops could maintain control without the Cubans.

In late August, President Jose Eduardo dos Santos sounded a hard-line theme when he told members of the National Assembly that neutralization of the guerrillas would demand "an additional and final sacrifice" by the Angolan people and armed forces, "combining political action with military action."

Police Break In And Film Tutu Church Service

Reuters

JOHANNESBURG — Police burst into a private church service led by the black archbishop Desmond M. Tutu on Friday, moments after he renewed an illegal call for a boycott of segregated municipal elections in South Africa next month.

Archbishop Tutu, already under police investigation for opposing the simultaneous election of separate black, white, mixed race and Indian municipal councils, told the policemen: "The forces of evil have had it. You have lost."

The guerrillas now exert direct control over about 15 percent of Angola's population of 9 million in an area totaling about 20 percent of the nation, diplomats here estimate.

In addition, roving guerrilla bands are active in each of Angola's 18 provinces, and they have a veto power over productive economic activity in most of the country, which is twice the size of France.

Dismayed by the unravelling of the country and heartened by Soviet and American efforts to broker a regional peace accord, African leaders embarked on a major campaign in August to urge the Angolan government to start political talks with UNITA.

In late August, at what may have been the apex of the African peace initiative, Moussa Traore, president of Mali and acting president of the Organization of African Unity, arrived here for a two-day visit.

But at a welcoming banquet, Mr. dos Santos turned to his guest and said: "Angola does not accept pressure, from wherever they may come, which aim at the formation of a so-called coalition government."

■ **Talks in Congo End** Angola, South Africa, Cuba and the United States ended a round of peace talks on southern Africa on Friday with a pledge to meet again as soon as possible, probably again in Brazzaville, Congo, Agence France-Presse reported from Brazzaville.

In a statement, they said only that the timetable for the withdrawal of the Cubans toward the north and eventually out of the country must be agreed by the governments as an integral part of the talks. The statement said the participants maintained the objective of keeping Nov. 1 as the start of the application of a UN resolution for the independence of Namibia.

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ZONE: Lost Way of Life

(Continued from page 1)

American suburbia stretching across Panama. The American employees attended Balboa High School, spoke English instead of Spanish and shopped for apple butter and tuna fish in supermarkets.

The U.S. government subsidized the rents, mowed the grass, filled the potholes, picked up the garbage and protected the residents.

But now, as the United States hands over the canal, the Zonians' comfortable world is vanishing.

Panama has already taken possession of two-thirds of the zone, including the canal's railroad, a port and the Balboa house in which Mr. McNatt grew up. He still drives by his childhood home once a week or so to look at the banana trees he planted as a youth.

The Elks Club and the Knights of Columbus are closing. The American Legion restaurant has closed. The Balboa Yacht Club, whose long shadows bid countless first adolescent kisses, is little more than a decaying testament to better times.

The creeping dilapidation extends from sea to sea along the entire 51-mile length of the canal. The railroad, which was turned over to the Panamanians in 1979, is now a money-losing dinosaur, several officials said.

Canal officials acknowledge that many ancillary services, such as the railroad, are deteriorating. But Fernando Manfredo Jr., the Panamanian acting director of the canal, said the waterway itself had "not been adversely affected."

"It's a Swiss watch," a Western diplomat said. "It still works perfectly well."

SANCTION: U.K. Warns U.S.

(Continued from page 1)

surprised the Democratic-controlled panel by proposing a final vote on the bill next week, indicating that he did not intend to force a long debate.

Democratic sponsors of the bill, formally called the Anti-Apartheid Act Amendments of 1988, have indicated that they will not accept a less-stringent version of the House bill and that they intend to press for its passage before Congress adjourns for the year in mid-October.

■ **News Decree Repealed**

An emergency decree requiring local and foreign free-lance journalists to register with the South African government and submit to strict controls was repealed Friday after intense pressure by news organizations. The Washington Post reported from Johannesburg.

The measure, introduced June 10 and suspended July 28 for review, was withdrawn by Home Affairs Minister Stoof Botha, who said the government would consider other ways to impose controls on free-lance journalists.

Ex-Hostage Says Hijacker Wanted To Kill American

Reuters

FRANKFURT — Mohammed Ali Hammadi, the Lebanese who has admitted hijacking a Trans World Airlines jet, threatened to kill an American during the seizure three years ago, one of the former hostages said Friday.

An American, Kurt Carlson, 41, told the Frankfurt court trying Mr. Hammadi for piracy and murder that he was severely beaten by the defendant. The survivor was hijacked and taken to Beirut and Algeria in June 1985.

"He shouted three times angrily, 'One American must die, one American must die, one American must die,'" Mr. Carlson said.

"He hit me twice and I knew that the third would be the death blow," the witness said.

DUKAKIS: In the Candidate's Busy Corner, New Fight Plan Shapes Up

— all issues that Mr. Bush was in the process of co-opting.

Less than a week after the meeting, Mr. Bush was in Boston, attacking Mr. Dukakis for failing to clean up Boston harbor.

The Dukakis campaign also says it expects to win votes at the expense of Senator Dan Quayle of Indiana. Mr. Bush's running mate, emphasizing his lack of experience and stature.

A new campaign message was urgently needed in part because Mr. Bush has undergone a transformation that made the early strategic thinking in the Dukakis campaign largely obsolete.

"The bumbling, ineffectual George Bush, the Dukakis campaign planned to run against suddenly disappeared," said a Washington Democrat who asked not to be named.

"When he disappeared, the whole Dukakis strategy disappeared."

BURMA: U Nu Forms Rival Government as 500 Soldiers Join Opposition

(Continued from page 1) coup led by U Ne Win, who held the reins of power until July.

"I have taken back the power which General Ne Win has robbed from me," U Nu said in his letter.

"From this hour, sovereign power no longer rests with General Ne Win. It has come back into my hands, and I announce this fact with joy."

The announcement Friday was not the first time that U Nu had tried to regain control. In the 1970s he attempted to lead an insurgency against U Ne Win from bases along the Thai-Burmese border.

U Nu, 81, who commands tremendous respect among the population as a man of integrity, was the country's first prime minister after it gained independence from Britain on Jan. 4, 1948.

During his tenure he earned a reputation as a firm believer in peaceful coexistence and a leader of the Nonaligned Movement.

Although U Nu officially retired as head of the ruling Burma Socialist Program Party on July 23, many analysts believe that he still exercises decisive control.

Experts Arrive in Iran To Check Nuclear Plant

Reuter

NICOSIA — A team of experts from the International Atomic Energy Agency arrived Friday in Iran to inspect an unfinished nuclear power plant that has been bombed several times by Iraqi jets, Tehran radio reported.

The radio quoted the director of Iran's Atomic Energy Organization, Rez Amrolahi, as calling for the international agency's condemnation of the attacks.

U Nu was overthrown in a 1962

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OPINION

INTERNATIONAL HERALD TRIBUNE

Israel: A Hole in the Fog

It is hardly news when the director general of the Israeli foreign ministry says that he opposes creating a Palestinian state on the occupied West Bank. It was news when he added, as he did in Washington last week, that "everyone knows" the Palestinian Liberation Organization is viewed by Palestinians as their "national organization." And it became astonishing when he said: "There is no replacement for them. So the question is not how to replace the PLO, but how to change it."

In saying what everyone knows, Major General Avraham Tamir has broken a sound barrier. In effect, he has done for Israeli politics what Bassam Abu Sharif, the PLO spokesman, did for Palestinian politics two months ago. This side to Yasir Arafat said Palestinians are ready to live in peace with the state of Israel. Many PLO leaders denounced Abu Sharif then; many Israeli leaders now pounce on Avraham Tamir.

Yet these men do not speak only for themselves. They represent leaders on both sides, and have prepared the ground should their leaders have the courage to follow.

General Tamir has now made it more palatable to ask what Israel would do if the PLO met the demands of the last three U.S. administrations. These include renouncing terrorism and altering the PLO charter to accept the state of Israel. If Mr. Arafat were to make these changes, would Israel give the PLO a fair hearing?

King Hussein has detached Jordan from

the West Bank and urges his former subjects to look to the PLO. Israel can't quell an ongoing uprising on the West Bank or decide how to deal with its inhabitants. Mr. Arafat can't decide whether to seek peace and split the PLO or persist in rejections.

Heading to Nov. 1 election, Israeli politicians seem lost in a wilderness of slogans. Prime Minister Yitzhak Shamir says he seeks "unconditional talks" but never with the PLO. And he insists that it be understood that Israel is to remain overlord of Judea and Samaria. Foreign Minister Shimon Peres condemns this but engages in his own doubletalk — saying he would negotiate the West Bank's future with Jordan and "Palestinians," though King Hussein disavows that course.

In this fog, only underlings are allowed to utter what "everyone knows." Mr. Abu Sharif's statement was instantly disowned by other PLO officials, but not by Mr. Arafat. In Israel, Mr. Shamir has called for General Tamir's dismissal, while Labor leaders insist that there's nothing new in what this widely respected general said.

In fact, it is new and important that Israelis like General Tamir and Palestinians like Mr. Abu Sharif are groping toward one another. What's needed now is for Mr. Arafat to follow. Should that happen, it would be the turn of Israeli leaders to test General Tamir's logic and find a way to talk with a refashioned Palestinian organization.

—THE NEW YORK TIMES.

The SEC Versus Drexel

Drexel Burnham Lambert Inc., the investment banking firm, has played a leading part in the transformation of the American financial markets over the last decade. Now the Securities and Exchange Commission alleges that Drexel's spectacular success was assisted by highly illegal trading practices. Drexel vehemently denies it. During the trial, the world is going to get an unparalleled view of life on the very fast track at the upper levels of the securities business.

The SEC accuses Drexel of, among other things, engaging in insider trading on a grand scale. Occasionally in the past the SEC's charges of insider trading have seemed to get into gray areas where definitions are unclear and the offenses only marginally different from normal life in a business that thrives on gossip. But there is nothing marginal or ambiguous about the conduct that the SEC alleges in this case. Here it describes the clearest and most damaging violations of fundamental rules.

In several instances the SEC claims that Drexel hired an financial adviser by a company in a merger or a buy-out, used its position to trade the stocks involved for its own account. If that actually happened, it would constitute a most explicit violation of the law as well as of trust. Much the same can be said of the SEC's other accusations—for example, that Drexel manip-

ulated the prices of stock that it was underwriting. No market can withstand much of that kind of double-dealing.

These charges are the latest in the chain that began more than two years ago when the SEC accused Dennis Levine, then a Drexel partner, of insider trading. That case led federal investigators to Ivan Boesky, the stock speculator. The SEC's conversations with Mr. Boesky, now in prison, have led back to this long list of citations of Drexel and another of its executives, Michael Milken.

Energetic and highly innovative, the Drexel firm and particularly Mr. Milken almost single-handedly built a gigantic market for high-risk bonds—or, as Wall Street calls them, junk bonds. As the case proceeds, there may be a lot of reference to them. Although the junk bond is not on trial here, it is certainly controversial.

Drexel has argued forcefully that it greatly benefits the economy by making credit available to many enterprises that traditionally had trouble obtaining it.

The other side of the argument is that the popularity of the junk bond may have filled financial institutions' portfolios with low-grade securities that can't survive a downturn in the economy. For Drexel, the trial will be in a federal court in New York. For the junk bond, the test will be the next recession.

—THE WASHINGTON POST.

Other Comment

Views on the U.S. Campaign

For most Japanese the real issue in the U.S. election has nothing to do with Republicans or Democrats and everything to do with free trade. For seven and a half years there has been no sturdier ally of free trade in the U.S. government than President Ronald Reagan, and, as a direct consequence, Republican candidates this year have been adamant in opposing protectionism.

Mr. Bush is expected to continue that stance. Unfortunately for him, however, Japan is not voting in the U.S. election and the protectionist-minded American heartland is. Japan clearly has a problem with the Democrats. In the Japanese view, Republicans stand for free trade (read: undiluted access to the huge U.S. market), and Democrats for protectionism. Though the trade stance of the Democrats makes us nervous, it is possible to argue that a Democrat in the White House might be a good thing for Japan. Who better to restrain a Democratic Congress than a Democratic president?

It is in any case time for Japan to have some free-trade friends in America's other political camp. Protectionism is the doctrine of the powerless; free trade, on the other hand, is all about economic confidence. And isn't that the very message of Mr. Dukakis's much-vaunted "Massachusetts Miracle?"

—The Japan Times.

The American political campaign is a cause for preoccupation: Mr. Dukakis is of a pragmatic center while Lloyd Bentsen belongs to the most conservative Democratic sector; Mr. Bush, traditionally a moderate Republican, is building bridges toward the most hard-line right of his party. It seems as though the presidential contest will take place among different types of Republicans, and under the shadow of Mr. Reagan's political personality because of what it means, for instance, to the future of the conflict in Central America.

—The Excelsior (Mexico).

If Mr. Bush succeeds in finding the right tone, to affirm his existence and gain a minimum of respect from those who sneer at him, in a word to prove that he is something other than a boy from a good family, misplaced in politics, then anything remains possible for the Republicans. They can easily demonstrate that, at the end of Mr. Reagan's

second term, America is clearly more prosperous and the world closer to resolving certain major conflicts than eight years earlier.

—Le Monde (Paris).

One thing Mr. Bush and Mr. Dukakis have in common: they are both committed to a time-scale for change which South Africa cannot meet. Since neither, therefore, can possibly deliver the change which he is promising, Mr. Bush's renewed engagement may indeed be more dangerous than Mr. Dukakis's disengagement.

Whatever his reputation as a wimp, the Republican party candidate has shown a certain toughness of mind in spelling out a policy of engaging South Africa more directly, if not necessarily more constructively.

—The Johannesburg Business Day.

Regardless of who becomes president, the European Community will feel some pressure from Washington and must get ready for some tough disputes with the United States. After all, both the Republicans and the Democrats expect their allies to step up their own defense spending.

—The Stuttgarter Zeitung.

A victory for Mr. Bush would be in general in NATO and European interests. It promises continuity. Mr. Bush, by background and instinct, is an Atlanticist personally and politically familiar to Western leaders.

—The Times (London).

To Canadian eyes, what passes for inventive in this election is frequently bizarre. Consider the remark by Mr. Quayle: "The man at the top of our ticket, George Bush, is a life member of the National Rifle Association." While Mr. Dukakis boasts that he is a card-carrying member of the American Civil Liberties Union." The Republican is good because he supports a group that helps Americans blow each other's heads off; the Democrat is bad because he believes in civil liberties. Note the resonant term "card-carrying" used by that old Red-beater Joseph McCarthy to brand people as Communist sympathizers. No blow is too low.

—The Globe and Mail (Toronto).

Mr. Dukakis's statement on moving the U.S. Embassy to Jerusalem should be filed with other promises. If it means anything it is that the Jewish vote is important to him.

—Yedioth Ahronoth (Tel Aviv).

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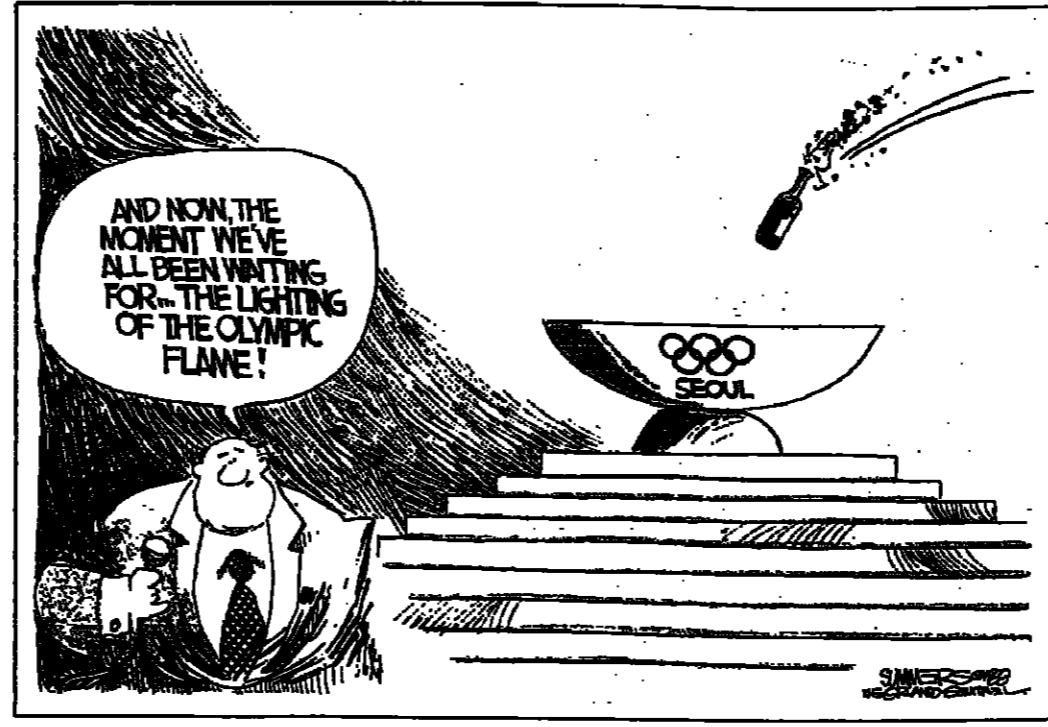
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... and, He's Made No Effort to Use an Hispanic Ace

By Tom Wicker

WASHINGTON — If either U.S. presidential candidate can carry both California and Texas, with their total of 76 electoral votes, he will just about have won the election.

Particularly in California, with 6.6 million Hispanics and 47 electoral votes, and in Texas, with 4.1 million Hispanics and 29 electoral votes, New York, with 2.1 million and 36 electoral votes, seems reasonably strong for the Democrats.

Despite their strategic location, however, all too many Hispanics are not registered to vote. Voter participation tends to be lowest among Americans not economically advantaged and with low education levels, a description that fits many Hispanics. About 31 percent of them have finished high school. About half of the 34 percent population increase in just seven years resulted, moreover, from immigration; so it is plausible to assume that many of the immigrants do not speak English well or at all, making it difficult or impossible in some places for them to register, and hampering their political knowledge everywhere.

For the Democrats, that leads a sharp point to Jesse Jackson's demand for a strong, well-financed registration campaign. And it makes all the more questionable why Michael Dukakis's strategists, so far, have done

but not entirely from a big publicity "bounce" from the Republican convention. California sources report that little

so little to organize such a campaign, particularly in California — a state the governor badly needs to win.

California sources report that little

effort of any kind is being made to mobilize the state's most natural Dukakis supporters: blacks and Hispanics.

Mr. Jackson has not been asked to help the Democratic nominee.

Nor has any money been spent on a registration campaign, though some

Democratic leaders estimate that

they need 750,000 new Democrats or

the books if they are to win in November.

Registration closes on Oct. 6

before election day, so time is short.

George Bush has no close personal

or political connections in Califor-

nia and early this summer had a

high unfavorable rating there.

Mr. Dukakis then was ahead by 17

points in the Field Poll. But a Peter Hart poll and one taken for KABC-TV of Los Angeles recently showed

a close statewide race; and a Los

Angeles Times poll of conservative Orange County showed Mr. Bush

taking the huge lead he needs there

to have a good chance statewide.

Mr. Bush's gain resulted partly

but not entirely from a big publicity

"bounce" from the Republican

convention. California sources that say

his aggressive campaigning has

helped him, too; he has even "got to

the left." Mr. Dukakis on environmental issues by appearing

opposed to offshore oil drilling and by

his criticism of Boston harbor pollution.

Meanwhile the Dukakis campaign

still is "being run out of

Boston" at sacrifice of local enthusiasm.

But Mr. Dukakis, tending to his home

state duties, has wasted precious

days by refusing to campaign full

time. Ditto for Mr. Dewey, who

was self-controlled and

blessed with a healthy certificate for

his abilities; so is Mr. Dukakis.

Another common characteristic is

stubbornness. The Republican cam-

paign manager tried to persuade Mr.

Dukakis to shave off his mustache;

believe this would make him look

more priggish and improve his new

image. Mr. Dewey refused. Like

Mr. Dukakis has resisted plain

to be so deadly serious.

The parallels extend even to Mr.

Truman and Mr. Bush. Nobody be-

lieved Mr. Truman could win in '48

because the Democratic Party was

dispirited and deeply divided.

Yet he came out fighting at the na-

tional convention with a new give

hell brand of speakmaking and

remained isolated and above the fray; so does Mr. Dukakis. Mr. Dewey was self-controlled and

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The parallels extend even to Mr.

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ARTS / LEISURE

The Movies Are Part of Us

By Susan Isaacs

NEW YORK — Eddie Murphy has a cuter figure than I do. I know because I stood in front of a smoky mirror in the new American Museum of the Moving Image in Queens, pressed a computer button and saw my face reflected over the jeans, T-shirt and jacket Axel Foley wears in "Beverly Hills Cop."

Then by means of more microchip magic, I was in Vivien Leigh's moonbeam-colored gown.

The one Scarface wore to the Wilkes' barbecue in "Gone With the Wind." I wasn't as thrilled with myself as Rocky in Everlast shorts, so — fast — I switched into Desi Arnaz's Ricky Ricardo ensemble, including his bongo drums, then into Judy Garland's blue gingham from "The Wizard of Oz," and finally, Barbara Eden's undriff-bearing jeans suit from "I Dream of Jeannie."

The Museum of the Moving Image, which opened recently, has a collection dedicated to American movies, television and video art. The first floor consists of a 190-seat theater, a 60-seat screening room — where the public can watch the programs — and a gallery for special exhibits.

The second floor, where the enchanted mirror is contains the museum's permanent display, "Beyond the Screen: Producing, Promoting and Exhibiting Motion Pictures and Television."

The section on exhibiting contains Red Grooms's and Lysane Loong's movie-house-as-art creation, "Tur's Fever," a tribute to the neo-Egyptian-style picture palace of the 1920s. Walls, ceilings, floors have been decorated by the artists.

But as I peered into the mirror, my changing reflection offered more than amusement. It brought

home how incredibly familiar and potent these images of Eddie and Judy and Desi and Vivien are, what a profound effect movies and television have had on American culture and on our imagination.

The Museum of the Moving Image is not offering medieval Arabic manuscripts or a show on the varieties of crystallized quartz. With its displays and show-business artifacts, it is a reflection of ourselves. Show business is everybody's business. Unlike the other arts — ballet, sculpture, even literature — it is almost universally accessible. And unlike other industries — automobiles, haberdashery, computers — the business of the moving image is nearly as fascinating as the art itself.

The ordinary citizen is apprised of Dan Rather's ratings, of Michael Eisner's corporate philosophy at Disney. Film buffs discuss not only Gordon Willis's cinematographic vision, but Bruce Willis's \$5 million deal. Promotion of movies and television is so pervasive that their images become a part of us. We don't question them; we incorporate them into our lives.

You do not have to see the museum's Howdy Doody puppet to envision his hinged grin; nor do you have to see a Marx Brothers movie there to conjure up Groucho's eyebrows. The same for Don Johnson's white Armani suit and pink T-shirt or the splendid, familiar mystery of Garbo's publicity shots, which are also in the collection.

The Museum of the Moving Image is not meant to be the Shrine of the Ruby Slipper (which it does not possess) but would probably love to get its curatorial hands on. True, it does have the film equivalent of saints' relics,



"Tur's Fever" depicts neo-Egyptian picture palaces in the Museum of the Moving Image.

like the inspired hats, ties and slouchy vests designed by Ruth Morley for Diane Keaton in "Annie Hall." But its purpose is a larger one. It is a museum, an educational institution, and it is dedicated to showing movies and television both as industry and as art.

The displays of such pop-culture artifacts — a spectacular collection of fan magazines, a Roxie Theater usher's yellow-tasseled beret, a "Mork and Mindy" lunchbox, "Star Trek" curtains — are just a part of what the museum is about. The museum offers a detailed view of the creative process, about how TV shows, com-

mercials and feature films are made.

A visitor entering the museum is greeted by a giant screen that displays rolling credits; a list of the 122 jobs involved in the making of a movie or TV show. Many of these occupations are illustrated by displays. The makeup artist's work is demonstrated by Greg Cannon's full-body prosthetic for the aliens in "Cocoon," a reconstruction of the intricate four-phase makeup created by Christopher Tucker for the film "The Elephant Man" and three models by Michael Westmore illustrating the aging process of Kiefer Sutherland in "2010." The work

of producers, production designers, art directors, scenic artists, directors of photography and gaffers can be examined by walking through a replica of a set from Peter Newman's movie version of "The Glass Menagerie."

But excuse me now. I just want to go back for a second to check how I look in the white dress from "The Seven Year Itch." If I look good as Eddie Murphy, can you imagine me as Marilyn Monroe?

Susan Isaacs, whose latest novel is "Shining Through," is also a screenwriter. She wrote this article for *The New York Times*.

Olmi's 'Holy Drinker' Wins Top Award in Venice

By Thomas Quinn Curtiss
International Herald Tribune

VENICE — "The Legend of the Holy Drinker," by the Italian director Ermanno Olmi, which tells of the adventures of an alcoholic drifter in Paris, won the Golden Lion award of the Venice film festival Friday as the best motion picture in competition.

Isabelle Huppert for her performance in Claude Chabrol's "Une Affaire de Femmes" and Shirley MacLaine for her performance in John Schlesinger's "Madame Sousatzka" shared the Volpi Cup for the best performances by actresses. The same award for actors was also shared, by Don Ameche and Raul Manta, both in David Mamet's "Things Change."

The jury awarded a Silver Lion for best direction to Theo Angelopoulos of Greece

for "Landscape in the Mist," and gave the jury's grand special prize to "Camp de Thiaroye," which depicted the demobilization and massacre of African soldiers who had served in the French Army in World War II. The film, a joint production by Senegal, Algeria and Tunisia, was directed by Sébastien Ousmane and Thierno Faye Sow.

The award for best screenplay went to Pedro Almodovar, the Spanish director-author, for his "Women on the Edge of Nervous Breakdowns." The award for best photography went to the Soviet entry, "The Black Monk" of Ivan Dikholov. Vadim Yusov was its cameraman. An award for best decor and costuming went to Andrew Birkin's "Burning Secret," of which Bertrand Lepeau was art director, and a boy actor in the same film, David Eberts, won special mention.

The gold medal of the president of the Italian Senate went to Carlo Lizzani's "Dear Gorbatchev" as the film that best underlined the notion of human solidarity.

Guglielmo Biraghi, the administrator of the festival, steered the festival commendably over rough waters, notably in his handling of protests over Martin Scorsese's controversial "The Last Temptation of Christ."

The latter has treated audiences to Robert Zemeckis' "Who Framed Roger Rabbit?" in which animated cartoons covet with humans; Charles Crichton's British dish of "The Black Monk" and Barry Levinson's "Good Morning, Vietnam."

Biraghi threatened to resign if the screening of Scorsese's film were banned as a menace to public safety. All its showings took place without incident.

Scorsese's attempt is outstanding in its peculiarity. His Christ (Willem Dafoe) is that of the master painters in appearance, but is drawn as a small-town agitator and talk like one.

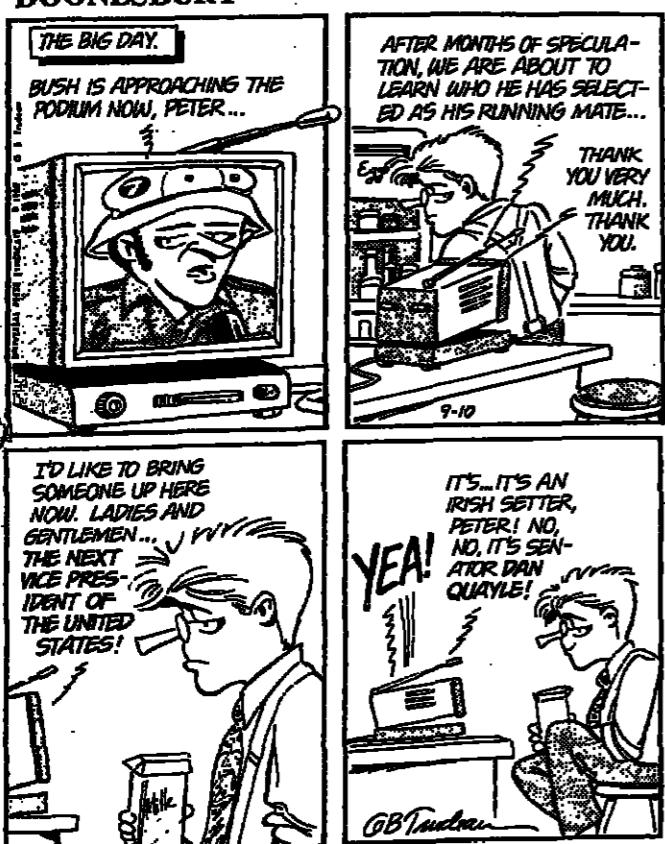
The moving beauty of the parables as they are found in the King James Bible have been edited into vulgar colloquialisms and are delivered in flat tones. Harvey Keitel, as a sort of glorified Judas, has meat intense presence but he gives his lines as though he were still in "Mean Streets."

The script is as choppy as the English Channel in mid-winter. The meeting with John the Baptist constitutes a full sequence and the imagined Christ-Judas duologues are interminable. Certainly Christ before Pilate (David Bowie) is an opportunity for any director, but here it is slovenly handled.

It was equally clear that this was not a collection formed with a purpose but an accumulation of pieces bought quickly in fits of whimsy. Philippe Garner, Sotheby's expert on Art Nouveau and Art Deco, says that Elton John never went to the viewings. He bought from catalogues between tours at home and abroad, and would send one of the people working for him to check the pieces. "You must visualize this as a kind of divertissement," Garner says.

Indeed, Sotheby's dutifully proceeded to stress the fun theme. On the cover of the Art Nouveau and Art Deco volume of the four-part catalogue Elton John is seen standing in a dinner jacket, bow tie and straw hat, holding with one hand the pole of a Bugatti armchair and leaning slightly towards the kitch statue of a dancer of the 1920s. A pair of thick-rimmed glasses and a beaming smile do not entirely disguise the irony that comes through.

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New York Times Service

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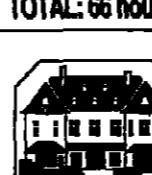
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• Summer Courses: 4, 6, 8 weeks, June-July-Aug.-Sept.

• Intensive Summer Session: July to end September

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Student visa compulsory. Inquire at the Cultural section of the French Embassy.

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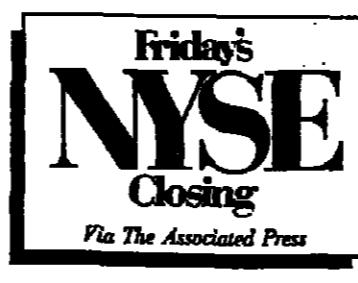
SERIOUS ABOUT LEARNING FRENCH ?

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NYSE Most Actives						
	Vol.	High	Low	Last	Chg.	Clos.
Exxon	20003	4276	4252	4252	+12	4252
INCO	70200	2716	2652	2652	+12	2652
IBM	19000	1120	1100	1100	+12	1100
Motorola	15279	2612	2572	2572	+12	2572
Petroleo	14347	2612	2572	2572	+12	2572
GenEl	12621	4252	4152	4152	+12	4152
Interco	17717	705	695	695	+12	695
CoCaCo	11207	2716	2652	2652	+12	2652
PacGE	11102	1752	1722	1722	+12	1722
NISemi	10242	912	892	892	+12	892

Market Sales						
	Vol.	High	Low	Last	Chg.	Clos.
NYSE 4 sum. vol.	141,540,000					
NYSE prev. day close	126,911,000					
Advances prev. close	9,070,000					
OTC 4 sum. volume	10,200,000					
NYSE volume up	11,445,000					
NYSE volume down	7,167,000					
Advances volume up	5,320,000					
Advances volume down	4,840,000					
OTC volume down	23,220,000					

NYSE Index						
	High	Low	Close	Chg.	Prev.	Clos.
Composite	102.32	102.04	101.84	+1.22	101.84	101.84
Tronox	104.28	103.21	103.21	+0.92	103.21	103.21
Utilities	124.06	123.21	123.21	+1.02	123.21	123.21
Finance	123.06	122.23	122.23	+1.15	122.23	122.23



Via The Associated Press

NYSE Diary						
	Class	Prev.				
Advanced	230	261				
Declined	226	262				
Unchanged	258	263				
Total Issues	1982	1971				
New Highs	12	16				
New Lows	15	16				

Odd-Lot Trading in N.Y.						
	Buy	Sales	Chg.	Prev.		
Sept. 8	215,264	304,208	+2,008	215,264		
Sept. 9	212,267	313,970	+11,603	212,267		
Sept. 10	211,973	311,471	+9,498	211,973		
Sept. 11	212,416	302,194	-9,218	212,416		

Dow Jones Averages						
	Buy	Sales	Chg.	Prev.		
Advanced	829	745	+107	829		
Declined	828	519	+109	828		
Unchanged	828	196	+109	828		
Total Issues	1982	1971	+109	1982		
New Highs	12	16	+109	12		
New Lows	15	16	+109	15		

Standard & Poor's Index						
	Open	High	Low	Last	Chg.	Clos.
Industrials	208,618	208,620	208,620	208,620	+240	208,620
Transp.	207,738	207,740	207,738	207,738	+118	207,738
Finance	206,100	206,102	206,102	206,102	+102	206,102
SP 500	206,268	206,270	206,268	206,268	+106	206,268
SP 100	202,430	202,432	202,432	202,432	+102	202,432

NASDAQ Index						
	Close	Circ.	Week	Year	Avg.	
Composite	361,160	+1,172	374,517	443,117	443,117	
Industrials	364,115	+1,172	375,592	443,117	443,117	
Services	451,344	+2,324	453,660	443,117	443,117	
Utilities	367,100	+1,172	378,224	443,117	443,117	
Banks	378,777	+1,172	380,150	443,117	443,117	
Transportation	378,777	+1,172	380,150	443,117	443,117	
Finance	378,777	+1,172	380,150	443,117	443,117	

AMEX Most Actives						
	Vol.	High	Low	Last	Chg.	Clos.
MSI Dr's	125,626	125,626	125,626	125,626	+12	125,626
Amoco	78,761	125	125	125	+12	125
Texaco	125,626	125	125	125	+12	125
Echelon	125,626	125	125	125	+12	125
Smithkline Beecham	125,626	125	125	125	+12	125
Fruit	125,626	125	125	125	+12	125
Alcoa	125,626	125	125	125	+12	125
Hormel	125,626	125	125	125	+12	125
Corporation	125,626	125	125	125	+12	125
Merck	125,626	125	125	125	+12	125
McDonald's	125,626	125	125	125	+12	125
McDonal	125,626	125	125	125	+12	125
McDonald's	125,626	125	125	125	+12	125
McDonald's	125,626	125	125	125	+12	125
McDonald's	125,626	125	125	125	+12</	

BUSINESS ROUNDUP

Dutch Banks Study Possible Merger

By Ronald van de Krol

Special to the Herald Tribune
AMSTERDAM — Nederlandsche Middenstandsbank and the state-owned Postbank NV announced Friday that they were studying various forms of cooperation, including a full merger.

In a short statement, the banks said they had "decided to analyze whether some kind of cooperation would be beneficial and feasible." The study is expected to take several months, the statement said.

The banks are the fourth and fifth largest in the Netherlands. If they were to merge, the resulting institution would still rank fourth in the country, with a combined balance sheet of 135.2 billion guilders (S65 billion) based on the two banks' 1987 figures.

But a merged institution would significantly narrow the lead held by the three biggest Dutch banks, Algemene Bank Nederland, the Rabobank cooperative and Amsterdam-Rotterdam Bank NV. Third-ranked Amro had a balance sheet of 143.9 billion guilders in 1987.

A spokesman for Postbank, which is owned by the government but scheduled to be partially privatized by late 1990, said a full merger was one option that it and NMB would investigate. But he cautioned, "the study may result in nothing in the end, or just cooperation in certain business areas only."

A merger between NMB and Postbank has been the subject of widespread speculation since February, when Amro and Générale de Banque of Belgium announced that they were uniting to form a multinational banking group. The union bolstered the merged banks' competitive positions before the dis-

mantling of internal trade barriers in the European Community by the end of 1992.

The largest Dutch bank, ABN, has an extensive network of European branches and may be able to stand alone after 1992, analysts said. Its latest reported balance sheet totaled 150.86 billion guilders. But NMB and Postbank, with balance sheet totals of 80.15 billion guilders and 55.2 billion guilders, respectively, need to grow to compete effectively, they said.

Analysts noted that although the Postbank does not operate outside the Netherlands, a partnership with NMB, which has 35 offices in 17 foreign countries, would give both banks the "critical mass" needed to compete in Europe after all remaining restrictions on European capital flows have been lifted.

"NMB and the Postbank make a good fit," an analyst at a competi-

tor in Amsterdam said. "NMB is strong in commercial lending, and the Postbank is a natural in private banking because money can be deposited and withdrawn at post offices."

In their joint statement, NMB and the Postbank said the study on cooperation would be conducted on the assumption that both banks would retain their "specific characteristics" in selling products and services to clients.

A spokesman said Lotus had had a seasonal sales slowdown, particularly in Europe.

Lotus's stock price fell 75 cents to \$17 in over-the-counter trading on Friday after several analysts cut third-quarter earnings estimates.

Five million Dutch people — about one in every three citizens — hold private accounts at the bank. Until now, the bank has been barred by law from commercial lending and securities trading.

Lotus Statement Pressures Stock

Reuters

NEW YORK — Lotus Development Corp., the computer software developer, said Friday that sales in the third quarter, ending Sept. 30, may fall below the \$122.1 million recorded in the second quarter, but declined to comment on earnings prospects.

A spokesman said Lotus had had a seasonal sales slowdown, particularly in Europe.

Lotus's stock price fell 75 cents to \$17 in over-the-counter trading on Friday after several analysts cut third-quarter earnings estimates.

The lowest of analysts' estimates, 25 cents per share, would compare with 38 cents in the second quarter.

Nissan Plans Joint Venture With U.S. Firm

Reuters

TOKYO — Nissan Motor Co. has scheduled a news conference for Monday to announce a joint venture with an unnamed U.S. manufacturer, amid speculation that Nissan and Ford Motor Co. would produce minivans in the United States.

A Ford vice president, Edward E. Hagenlocker, the head of truck operations, said earlier this week in the United States that the two automakers were nearing the end of a study of a joint minivan project and that a decision was due by the end of September.

After the new conference was scheduled on Friday, a Nissan spokesman was asked about the

possibility of a joint venture with Ford. "We have an announcement about that on Monday." He declined further comment.

A minivan project, if undertaken, would be Ford's second U.S. venture with a Japanese automaker. Ford owns 25 percent of Mazda Motor Corp., which builds a Mazda-designed car called the Ford Probe at the Flat Rock, Michigan plant owned by its U.S. manufacturing unit.

The first car produced by a Japanese-style assembly operation in the United States and sold by a Big Three automaker was the Chevrolet Nova, built at the General Motors-Toronto joint venture plant in Fremont, California.

NEIMAN: The New Owners Seek a Way Ahead for Venerable Store Chain

(Continued from first finance page)

already buzzing with activity. Seven of Neiman's 22 stores are in the midst of top-to-bottom remodeling; nearly all are getting new fixtures. And space is being reallocated; designer sportswear, a highly profitable department, is getting more, as is men's wear, a category that Mr. Tan said has been "seriously undervalued" at Neiman.

There are more salespersons on the floor. Promotions and service are getting overhauled, too. Neiman-Marcus is doing more advertising, increasing staff at service departments, emphasizing promotional programs and building up its mail-order business.

Analysts approve of what they see happening. "The terrific potential has yet to be realized at the Neiman-Marcus Group in terms of enhancing sales and operating

profits," said Stacy Rachlamer, an analyst at Shearson Lehman Hutton, "but they are really getting the company rolling again."

Mr. Tashjian does not believe the group's stock is a "buy" now because of persistent weak earnings. The stock has been trading around \$15 for several weeks. But he does not think it is a "sell," either.

"We expect a recovery in the long term, directly tied to the improvements they are making now," he said. "Neiman-Marcus was being used as a source of cash, and what we are seeing now is a reinvestment on the part of Neiman-Marcus in itself."

It is all rather bewildering to Mr. Hawley, who wonders whether the new owners are not busily fixing things that weren't broken.

"I've read that we spent too little on sales promotion, that we milked

the specialty stores, that we skimped on maintenance," he said. "It's all pretty difficult for me to understand, particularly since the facts are easily ascertainable from the annual reports."

Mr. Hawley said that maintenance costs at the Neiman-Marcus chain averaged about six-tenths of 1 percent of sales, about average for a specialty store chain. Annual sales promotion budgets ran about 4.1 percent of sales for the Neiman-Marcus stores.

"How could anyone call Neiman-Marcus a cash cow for us?" Mr. Hawley asked.

We were a net investor to the tune of about \$90 million during those five years." In contrast, he says, the company's department stores, which include the Broadway, Emporium, Capwell, Weinstein and Thalhimer's, generated about \$112 million more in cash flow than they absorbed in capital expenditures.

Sales for the specialty stores combined grew at an annual compound rate of 17 percent a year in those last five years. In contrast, he says, the company's growth came from opening new stores, but the growth rate for stores that had been open at least a year was still a healthy 7.5 percent. Moreover, profitability went up at an annual compound rate of nearly 30 percent.

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Sales for the specialty

**Friday's
AMEX
Closing**

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *via The Associated Press*

12 Month High	Low	Stock	Div.	Yld.	PE	52 Wks		Close	
						High	Low	Gst	Chg
A									
13's	61's	ABBI				11	8	10	10
10	39's	ABMG				62	42	4%	4%
9	41's	AIFS				26	24	4%	4%
152's	5'6	AL Ldgs	.12	1.0	15	23	21	11%	-11%
6	35's	AMC's	.081			24	21	4%	4%
23's	1	AM Int'l wr				24	21	2%	+ 2%
4	21's	AOI	.056	1.8	25	113	92	2%	+ 2%
51's	1	ARC g				26	21	7%	+ 7%
21's	5%	AT&T				280	25	12%	+ 12%
13's	2	AT&T wr				25	22	14%	+ 14%
40's	20's	ATT Fd	2.156	5.6		45	38	9%	9%
50's	15's	Abitard				15	12	5%	5%
41's	3	Action				16	13	1%	+ 1%
26's	11's	Action				16	13	1%	+ 1%
29's	24's	Action pf	1.751			5	11	15%	+ 15%
3	11's	ActionRts				1	1	+	+ 1%
153's	61's	AdrixEI				10	26	15%	+ 15%
21's	4	AirExp				10	26	15%	+ 15%
18	10	Aircar	2.40	20.0		82	120	25%	+ 25%
69's	57's	Airtel				14	23	2%	+ 2%
71's	25's	Airtel S				7	4	4%	+ 4%
81's	37's	Airtel S				204	55	5%	+ 5%
111's	41's	Allis	1.00	19.5		110	68	5%	+ 5%
97's	2	AllisInd				45	74	7%	+ 7%
17's	41's	Allsp Gr				53	74	4%	+ 4%
41's	36's	Allflex				550	412	41%	+ 41%
42's	16	Allra				1311	82	22%	+ 22%
73's	73's	AmBrts	.06	1.8		8	4	50%	+ 50%
28	97's	Amch'ts				12	70	5%	+ 5%
47's	20's	Amcap				24	20	15%	+ 15%
47's	15's	Amcap wr				24	20	15%	+ 15%
152's	15's	AFACr wr				2	2	0%	0%
139's	41's	AFRC A				28	24	14%	+ 14%
20's	14	AmFrc B				7	20	28%	+ 28%
134's	5'	AmList	1.00	9.1		17	1	112%	+ 112%
25's	10's	AMM&E	.52	2.5		58	45	25%	+ 25%
22	111's	AMM&E				58	45	25%	+ 25%
17's	41's	AMN				4	8	100%	+ 100%
17's	101's	AMN				4	8	100%	+ 100%
5's	2	AMSCr				20	28	4%	+ 4%
121's	31's	AMSCr				21	11	9	9
84's	84's	AMSCr	1.41e13			34	31	3%	+ 3%
121's	14	ATEchC				14	11	10	10

ADVERTISEMENT
INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) Sept. 9, 1988

Net asset value quotations are supplied by the Fund, based upon the estimation of assets above board cost per share.

The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (x) - quarterly; (t) - twice weekly; (m) - monthly

AL-MAL GROUP		S 291.23	DIT INVEST
(w) Al-Mal Trust, S.A.	S 1124.90	+D+ d) Concord	
(r) Monoged Currency	S 869.90	+D+ d) In'lt Res.	
(r) Future	S 869.90	DREXEL H.	
(w) Equity	S 1001.66	WINCHESTER H.	
(w) Bond	S 1012.72	WINDSOR E.	
APAZ FINANCIAL CORP.			WINDSOR F.
Mortgage loans, P.O.B. #45,Nassau,	S 95.20		
AURELIA ASSET MANAGEMENT LTD.			WINDSOR G.
P.O.Box SS 559,Nassau,Bahamas.			WINDSOR H.
(w) Nicholas-Asplegate Aurelia	S 107.72		
BANK JULIUS BAER & CO. LTD.			WINDSOR I.
(d) Boerband	SF 920.00	WORLDWIDE	
(d) Conbar	SF 1645.00	WINDHORN	
(d) Equibander America	SF 1384.00	WINDHORN	
(d) Equibander Europe	SF 1266.00	WINDHORN	
(d) Equibander Pacific	SF 1499.00	WINDHORN	
(d) Stock Fund	SF 1007.00	WINDHORN	
(d) Julius Baeer	SF 1000.00	WINDHORN	
(d) Swissfund	SF 2163.00	WINDHORN	
BAII MULTICURRENCY			WINDWATER
(r) Multicurrency US\$	S 1,200.99	WINDWATER	
(r) Multicurrency Ecu	ECU 1,077.82	WINDWATER	
(r) Multicurrency Yen	Y 22,007.00	WINDWATER	
(r) Multicurrency FFR	FF 107,111.91	WINDWATER	
BNI INTERFUNDS			WINDWATER
(w) Interband Fund	S 176.24	WINDWATER	
(w) Intercurrency US\$	S 10.42	WINDWATER	
(w) Intercurrency DM	DM 30.11	WINDWATER	
(w) Intercurrency Sterling	S 10.25	WINDWATER	
(w) Intercurrency Managed	S 10.03	WINDWATER	
(w) Intercurrency French Ffr	S 11.43	WINDWATER	
(w) Intercurrency Pacific Other	S 1.71	WINDWATER	
(w) Interbank N. Amer. Offer	S 10.43	WINDWATER	
(w) Interequity European Class	S 8.40	WINDWATER	
(w) Interequity Australia Class	S 10.14	WINDWATER	
(w) Interius Capital Belgium	LF 52,121.00	WINDWATER	
(w) Interius Cap.Fr Securities	LF 10,448.82	WINDWATER	
(w) Interius Capilg FFR	FF 12,427.55	WINDWATER	
(w) Interius Capo.France Cap	LF 10,317.40	WINDWATER	
(w) Interius Capo.LUF-BEF	LF 14,573.00	WINDWATER	
(w) Interius Capital ECU	ECU 1,190.92	WINDWATER	
BANQUE INDOSUEZ			WINDWATER
(w) Asian Growth Fund	S 21.54	WINDWATER	
(w) Asian Income Fund	S 8.85	WINDWATER	
(w) Diversifund	SF 87.00	WINDWATER	
(w) FIF Internat. Div.A	DM 14.31	WINDWATER	
(w) FIF Internat. Div.B	DM 14.31	WINDWATER	
(w) FIF Internat. America	S 14.02	WINDWATER	
(w) FIF Internat. Europe	S 23.15	WINDWATER	
(w) FIF Internat. Pacific	S 29.67	WINDWATER	
(w) France Blue chips No 1	FF 92,452.40	WINDWATER	
(w) France Blue chips No 2	FF 94,301.49	WINDWATER	
(w) France International	FF 88.97	WINDWATER	
(w) Indosuez Multibonds Div.A	S 130.43	WINDWATER	
(w) Indosuez Multibonds Div.B	S 257.58	WINDWATER	
(w) Indosuez Multibonds DM	S 100.40	WINDWATER	
(w) Indosuez Multibonds USA	S 101.78	WINDWATER	
(w) Indosuez Multibonds YEN	S 101,380.00	WINDWATER	
(w) IPAMA-J	S 108.00	WINDWATER	
(w) The Siem Fund	S 13.36	WINDWATER	
(w) Pacific Gold Fund	S 11.71	WINDWATER	
ANIQUE PRIVES E. DE ROTHSCHILD			WINDWATER
(w) Corsican Bk Fixed Inc-Fund	DM 96.29	WINDWATER	
(w) Corsican Bk General Fund	DM 105.37	WINDWATER	
(w) Dorsay Lcl. Int. Bond	S 102.24	WINDWATER	
(w) Eagle Fund	LF 999.00	WINDWATER	
(w) Eco-D'Or	ECU 100.47	WINDWATER	
(b) Government Sec. Funds	S 7.48	WINDWATER	
(b) Isis Sicav	FL 1052.00	WINDWATER	
(w) Leicom	S 19,172.23	WINDWATER	
(w) Opportunities Fund	S 741.29	WINDWATER	
(b) Prifirst Fund	DM 44.92	WINDWATER	
(b) Prifirst	S 476.52	WINDWATER	
(b) Pri-Tech	S 114,371	WINDWATER	
(w) Rente Plus	BF 5670.00	WINDWATER	
(b) Selection Horizon	FF 50,132.82	WINDWATER	
(b) Select. Horizon Dev.	FF 50,129.41	WINDWATER	
(b) Select. Horizon FF	FF 53,295.94	WINDWATER	
(b) Source Sicav	S 716.3	WINDWATER	
(b) Star Conv. Fund FL	FL 976,000	WINDWATER	
(b) Star Conv. Fund USD	S 96.93	WINDWATER	
BANQUES SCANDINAVIE EN SUISSE-GENEVE			WINDWATER
(w) BSS Bond Fund	SF 76.43	WINDWATER	
(w) BSS Int'l. Bond	SF 1521.40	WINDWATER	
(w) BSS Int'l. Bond	S 1,770	WINDWATER	
(w) BSS Int'l. Equity	S 1,365	WINDWATER	
B.S.C.A.M.			WINDWATER
(w) Ecu Multiplacement	ECU 1121.32	WINDWATER	
MUM BRITANNIA A/P O/B 271, SI. Heller, Jersey			WINDWATER
(d) Int'l. High Income	S 2,551	WINDWATER	
(d) Dollar Man. Curr.	S 14,57	WINDWATER	
(d) Dollar Man. Par.	S 1,851	WINDWATER	
(d) Sterling Man. Port.	S 1,490	WINDWATER	
(d) Phoenix Markets	S 2,208	WINDWATER	
(d) K.I.C. Growth	S 0.938	WINDWATER	
(d) Amex Inc. & Growth	S 1,000	WINDWATER	
(d) Gold & Prec. Metals	S 1,000	WINDWATER	
(d) Sterling Man. Curr.	S 17.70	WINDWATER	
(d) Japan Dollar Part. Fd	S 1,422	WINDWATER	
(d) Jersey Gil	S 0.197	WINDWATER	
(d) Okeson Global Stret	S 14.68	WINDWATER	
(d) Asia Super Growth Fund	S 9.73	WINDWATER	
BROADGATE INTERNATIONAL FUND			WINDWATER
(d) Money Market	S 11.49	WINDWATER	
(d) Non-Money Market	DM 28.64	WINDWATER	
(w) Bond	S 11.94	WINDWATER	
(w) Non-Bond	DM 30.44	WINDWATER	
(w) Global Equity	DM 14.53	WINDWATER	
(w) Global Bond	S 12.57	WINDWATER	
(w) Global Bond & Equity	S 12.48	WINDWATER	
(w) Prec. Mktgs/Mktg Secs	S 7.15	WINDWATER	
B.W. MANAGED ASSETS CY. SICAV			WINDWATER
(w) Global Bond Fund	ECU 10.34	WINDWATER	
(w) European Securities Fund	ECU 10.33	WINDWATER	
(w) French Securities Fund	FF 99.40	WINDWATER	
(w) North American Secu. Fund	S 9.50	WINDWATER	
(w) Pacific Basin Secu. Fund	S 9.42	WINDWATER	
CAISSE CENTRALE DES BANQUES POP.			WINDWATER
(w) France-securities	FF 85,518.00	WINDWATER	
(w) France-FIDES	FF 38,535.42	WINDWATER	
(d) Fructilux-Euro Fund	ECU 1,000	WINDWATER	
(d) Fructilux-Euro Fund	FF 1,000	WINDWATER	
(w) Fructilux-Act. Fds	FF 584.74	WINDWATER	
(w) Fructilux-Act.Euro	ECU 1,087.03	WINDWATER	
(d) Fructilux-Tresorer	FF 2,997.00	WINDWATER	
CAPITAL INTERNATIONAL			WINDWATER
(w) Capital Int'l Fund	S 74.42	WINDWATER	
(w) Capital Italia SA	S 28.33	WINDWATER	
CIC GROUP			WINDWATER
(d) Obitelc Monetaire	FF 10561.98	WINDWATER	
(d) Obitelc Monetaire Terme	FF 10784.11	WINDWATER	
CITICORP INVESTMENT BANK (LTD.)			WINDWATER
POB 1373 Luxembourg, Tel. 477.51.71			WINDWATER
(d) Citinvest Loyality	S 1200.47	WINDWATER	
(d) Citinvest Ecu Income	ECU 1242.77	WINDWATER	
(d) Citinvest Mones. Growth	S 1066.60	WINDWATER	
(d) CitMones. Growth Euro	ECU 934.94	WINDWATER	
(d) Citinvest Profil Sharing	S 904.34	WINDWATER	
(d) Citinvest Selector	S 803.84	WINDWATER	
(d) Citinvest Guardian S	S 1006.04	WINDWATER	
(d) Citinvest Guardian Euro	ECU 1033.51	WINDWATER	
CITITRUST			WINDWATER
(w) U.S. S Equities	S 174.22	WINDWATER	
(w) U.S. S Bonds	S 10.85	WINDWATER	
(w) U.S. S Money Market	S 11.46	WINDWATER	
(w) Global Equities	S 9.04	WINDWATER	
(w) Global Money Market.	S 10.71	WINDWATER	
(w) Global Bonds	S 10.71	WINDWATER	
CM CAPITAL			WINDWATER
(w) CM Arbitrands	S 16.94	WINDWATER	
(w) CM Gold Prec. Mat.	S 1,623	WINDWATER	
(w) CM Global Growth	S 10.92	WINDWATER	
(w) CM North Amer Grhl	S 7.72	WINDWATER	
(w) Elveless Court Terms	FF 54,763.98	WINDWATER	
(w) Elveless Long Term	FF 51,184.00	WINDWATER	
(w) Elveless Monetra	S 25,213.40	WINDWATER	
(w) Europe Presario Fund	ECU 10.44	WINDWATER	
(w) European Smir Cos. FdA	ECU 10.44	WINDWATER	
(w) European Smir Cosm/FdA	ECU 10.44	WINDWATER	
(w) I.S. Europe Fund	S 9.44	WINDWATER	
CODEVALOR SICAV			WINDWATER
(c) Rendement Fr.Suisse --	SF 1957.42	WINDWATER	
(w) C.Rendement US\$	S 1,970.50	WINDWATER	
(w) C.Rendement Zone Sterling	S 1209.70	WINDWATER	
COMPASS INT'L HOLDINGS LTD.			WINDWATER
POB 465, Jersey 0534 27267			WINDWATER
(w) Bond - Eurocurrency.	ECU 10.07	WINDWATER	
(w) Euro - United States	S 9.71	WINDWATER	
CREDIT SUISSE (ISSUE PRICES)			WINDWATER
(d) CSF Bonds	SF 100.00	WINDWATER	
(d) Bond Valor Swi	SF 109.40	WINDWATER	
(d) Bond Valor US-DOLLAR	S 121.25	WINDWATER	
(d) Bond Valor D-mark	DM 117.74	WINDWATER	
(d) Bond Valor Yen	S 114.00	WINDWATER	
(d) Bond Valor Sterling	S 105.25	WINDWATER	
(d) Convertible Yen Swi	SF 135.80	WINDWATER	
(d) Convertible US-DOLLAR	S 177.44	WINDWATER	
(d) CSF International	S 122.00	WINDWATER	
(d) Actions Suisses	SF 44.00	WINDWATER	
(d) Europe-Valor	SF 129.00	WINDWATER	
(d) Energy-Valor	SF 124.25	WINDWATER	
(d) Consoc.	SF 153.00	WINDWATER	
(d) Usrex	S 61.00	WINDWATER	
(d) Pacific-Valor	SF 219.25	WINDWATER	
(d) CS Gold Valor	S 148.44	WINDWATER	
(d) CS Ecu Bond A	ECU 105.48	WINDWATER	
(d) CS Guidel Bond A	FL 104.15	WINDWATER	
(d) CS Guidel Bond B	FL 109.49	WINDWATER	
(d) CS Prime Bond 'A'	DM 102.26	WINDWATER	
(d) CS Short-T. Bd DM A	DM 102.26	WINDWATER	
(d) CS Short-T. Bd DM B	DM 103.17	WINDWATER	
(d) CS Short-T. Bd S A	S 107.81	WINDWATER	
(d) CS Short-T. Bd S B	S 101.55	WINDWATER	
(d) CS Money Market Fund	S 131.09	WINDWATER	
(d) CS Money Market Fund	DM 177.45	WINDWATER	
(d) CS Money Market Fund	S 130,87	WINDWATER	
(d) CS Money Market Fund Y	Y 111,521.00	WINDWATER	
As = Australian Dollars; BF = Belgian Francs; C\$ = Canadian Dollars; CHF = Swiss Francs; D = Dutch Guilders; Dividend: -- Ex-Rts.; @ Offer Price incl. 3% prem. charge; B = Bond			
Be sure that your fund is listed in			

Dividend: -- Ex-Rls.: @ Offer Price incl. 3% prem. charge; * - Paris stock exchange; ** - Amsterdam stock exchange; e - misquoted earlier; x-not registered with regulatory authority
Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595F for further information.

CURRENCY MARKETS

Dollar Boosted by Short Covering

Compiled by Our Staff From Dispatches
NEW YORK — The dollar firmed against major currencies Friday, closing just above the 1.85 Deutsche mark level, supported mainly by short covering before the weekend and next week's release of U.S. trade data for July, dealers said.

Dealers said Friday's release of the U.S. Producer Price Index for August, which showed a slight acceleration in the broader measure of inflation, had little impact, as it gave no clear guidance on future trends of interest rates in the United States.

The dollar rose to 1.8510 DM at the close, from 1.8445 DM at Thursday's close, while it inched up to 133.70 yen from Thursday's 133.60. The dollar also rose to 1.5625 Swiss francs from 1.5600 and to 6.2910 French francs from 6.2860.

The British pound fell to \$1.6960 from Thursday's \$1.7005.

Dealers said that the inability of the market to push the dollar to new lows plus the approach of both the weekend and Wednesday's release of U.S. trade data,

London Dollar Rates	
Closing	F.R.
Deutsche mark	1.8474
1.8480	1.8486
Swiss franc	1.5615
1.5617	1.5625
French franc	6.2860
6.2875	6.2910
Source: Reuters	

helped trigger the covering of short dollar positions.

"A couple of people bit the bullet here and had to buy the dollar back," said Robert White of First Interstate Bank.

Views were mixed on the dollar's likely trend next week. "It looks like we'll have a slightly softer dollar for the near term," said Earl Johnson, vice president of foreign exchange at Harris Bank in Chicago.

A London dealer said the U.S. inflation data "showed no clear guidance on trends on U.S. rates," adding that "the dollar may move narrowly until U.S. trade data next week unless there are significant official remarks."

At the London close, the dollar had eased to 1.8476 DM from

1.8480 DM at Thursday's close, and to 133.57 yen from 133.85.

Against the Swiss franc, the dollar had finished slightly weaker at 1.5605 from Thursday's 1.5625, while it declined to 6.2900 French francs from Thursday's 6.2975.

Some operators had built up short dollar positions overnight on remarks by David Mulford, the assistant U.S. Treasury secretary, and reported comments from a Bank of Japan official in New York.

Mr. Mulford told a foreign-exchange conference in New York that the United States still believed a dollar rise that destabilized the global adjustment process could be counterproductive. (Reuters, UPI)

Price of Gold Plummets

New York gold futures plummeted Friday to the lowest level since March 1987 on rapid-fire selling spurred from fresh deflationary pressure from cheaper crude oil and grains and negative views about U.S. wholesale prices for August. Reuters reported.

October delivery gold on the commodity exchange sank to \$422.00 an ounce before closing the day at \$423.10, a net loss of \$7.70.

Mrs. Thatcher said the battle against inflation had to be the top priority, adding, "Once there is any sign that inflationary pressure is building up, the government must take the necessary action to stop it."

She said that although the strength of investment was encouraging, the rapid growth in consumption had led to imports growing much faster than exports, a substantial trade deficit and too much buying financed by too much borrowing at a time when savings had fallen sharply.

Thatcher Backs Lawson On Interest-Rate Increase

Reuters

GLASGOW — Prime Minister Margaret Thatcher has strongly defended a decision by Nigel Lawson, the chancellor of the Exchequer, to slow Britain's consumer demand by raising interest rates.

In an address to the Scottish Confederation of British Industry, Mrs. Thatcher asserted that Mr. Lawson's move was necessary. She said it was in everyone's interest to encourage saving.

Mr. Lawson's policies have come under increasing criticism in the past 10 days after the announcement of a record monthly trade deficit for July, fueled by strong consumer demand for imported goods, led to a sharp decline in the pound and prompted Mr. Lawson to raise the Bank of England money-market lending rate by one percentage point, from 11 to 12 percent.

The government has cut its borrowing to the bone," Mrs. Thatcher said. "Indeed, last year, we actually repaid debt. And this year, we are likely to repay even more. But the personal sector needs to save, too."

"So the chancellor has taken the necessary action at this time. The higher interest rates will give a substantial incentive to savers and a disincentive to borrowers."

Mrs. Thatcher said the battle against inflation had to be the top priority, adding, "Once there is any sign that inflationary pressure is building up, the government must take the necessary action to stop it."

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Rocard Sees G-7 Disunity

Reuters

PARIS — Global economic cooperation is becoming increasingly difficult as Group of Seven countries are following more self-centered interest rate policies, Prime Minister Michel Rocard was quoted Friday as saying.

"What we are seeing now is a growing incapacity to act in a concerted way with the United States, Japan and West Germany when faced with more and more nationalist interest rate policies," he said in an interview published in the magazine *L'Expansion*.

A spokesman for Mr. Rocard said the interview was correctly reported.

Mr. Rocard again criticized U.S. trade rules, saying, "Their hypocrisy is flagrant." He said the United States practiced free trade only in sectors where U.S. business is not significant.

France has threatened retaliation against parts of the U.S. trade bill, with agriculture a central bone of contention.

Analysts said France's anger at the trend toward higher interest rates worldwide had been evident since it was forced to reverse its policy of lowering interest rates to encourage growth and create jobs. The Bank of France raised key intervention rates by a quarter point on Aug. 25 to help keep pace with higher rates in West Germany.

But the franc fell to a six-month low against the mark at its official fix on Thursday, at 3.4060 francs. On Friday, it steadied and was fixed at 3.3989.

RALLY: No Lack of Explanations for Dollar's Climb

(Continued from first finance page)

recent dollar rally? Is this a replay of the original Reagan mix of a loose fiscal-tight money policy, which sent the dollar soaring, and as Mr. Feldstein argued, greatly increased the trade deficit?

But as Shahidul Islam, senior fellow at the Council on Foreign Relations, notes, some economists dispute the link between the federal budget deficit and high American interest rates.

Others dismiss the high rates as the main force that drove the dollar up, and still others challenge both linkages. For his part, Mr. Islam offers as the explanation of dollar swings what he calls the "policy-performance-confidence mix" — that is, the combined changes in American and other monetary policies, the performance of national economies and the state of confidence in the markets.

Lately, senior American officials have been saying that the dollar is now fairly priced.

They do not want to see interest rates climb further, lest securities markets be clobbered. Inflation fears are lessening; the gold price has been slipping and the oil price dropping. Henry Kaufman, former managing director of Salomon Brothers Inc. and now head of its own investment advisory concern,

says the dollar's range is now between 135 and 175 yen, and between 1.75 and 1.88 Deutsche marks.

The rise in unemployment has given the Fed breathing room.

With the Fed on the sidelines, there is less likelihood of another run-up in interest rates or the dollar in the short term.

This should pacify financial markets and avoid downward pressure on the economy.

Won Falls Against Dollar

Agence France-Presse

SEOUL — The won retreated slightly against the dollar Friday after its appreciation Thursday pushed its rise for the year to over 10 percent for the first time. The currency was fixed at 720.40 won to the dollar Friday after it jumped Thursday from 720.80 to 720.30.

Rise Seen in Japan's August Trade Surplus

Reuters

TOKYO — Japan's trade surplus for August, to be announced Monday, is likely to be up to \$1 billion higher than a year earlier, but it has not snapped out of its long-term downward trend, economists say.

"I cannot see any significant change in the downward," said Soichiro Enkyo, an economist at Tokyo Ltd., referring to the long-term situation.

August exports will be firm, however, and the recent rapid growth of imports will slow, he said.

A bigger surplus would mark the second consecutive month of gains, after declines for 14 months.

They agreed that the rate of growth of imports was likely to slow in August, mainly because of a drop in Japanese purchases of crude oil.

Oil imports were active before the end of July because of a rise in Japan's oil import tax on Aug. 1, and there was a reaction to this in

UBS/Phillips & Drew International Ltd. That, along with more aggressive marketing of new products and expansion in new areas overseas, is likely to boost the value of August exports, he added.

Mr. Pike said that although Japanese companies were investing more abroad, factory and equipment needs were being sourced back to suppliers in Japan.

"This is also boosting exports," he said.

The yen's recent weakness also has encouraged Japanese manufacturers to raise the prices of goods they ship abroad, several economists said.

They agreed that the rate of growth of imports was likely to slow in August, mainly because of a drop in Japanese purchases of crude oil.

Oil imports were active before the end of July because of a rise in Japan's oil import tax on Aug. 1, and there was a reaction to this in

August, said David Gerstenhaber of Morgan Stanley International Ltd.

Purchases of fuels account for nearly one-fourth of Japanese imports.

Although Japan's overall trade surplus may rise in August, its imbalance with the United States should drop for the eighth consecutive month, several economists said.

Exports to the United States on a volume basis are declining, especially from slower car shipments, and this should continue," Mr. Enkyo said.

In July, the bilateral surplus fell about \$300 million from a year earlier, to \$4.49 billion.

In an early indication of Japan's August surplus, the Finance Ministry announced last week that its merchandise trade surplus for the first 20 days of August was \$2.81 billion, compared with \$2.41 billion a year earlier.

U.S. to Give Trade Figures In a New Way

Reuters

WASHINGTON — The Commerce Department will start next week to present the U.S. trade figures in a format that reduces the size of the monthly deficit.

Beginning with Wednesday's release of trade data for July, the government will issue a single report showing import figures both with and without the insurance and freight costs incurred in delivering goods.

In the past, the figures that strip out those charges have been issued two days after the inclusive figures. The new trade act rescinds a 1979 law that required the release of inclusive figures at least 48 hours before the lower import totals.

Excluding the charges, the U.S. deficit in June was \$11 billion instead of \$12.5 billion. (Reuters, AP, UPI)

INFLATE: U.S. Prices Accelerate

(Continued from first finance page)

Georgia State University said fruit trees stressed by the summer heat had produced their fruit early. As for meats, the 0.6 percent dip in beef prices was more moderate than the 2.2 percent July decline as seasons began to recover from the drought in the Midwest and farmers sent fewer animals to slaughter.

Analysts expect meat prices to rise through the winter because of drought-induced summer slaughtering.

Mr. Ratajczak said a shortage of unleaded gasoline at the peak of the summer vacation season contributed to the energy price rise. And analysts expect energy prices generally to level off with the fall in the price of crude oil.

Wholesale prices for intermediate goods provided another optimistic sign, rising only 0.4 percent, their smallest gain since February. Raw material prices were up a sharp 1.1 percent but had fallen by a like percentage in July.

Economists said that the temporary rise in the core rate of producer prices gave the Federal Reserve Board, the central bank, no reason to sway from a steady monetary policy.

In spite of the encouraging aspects of the price report, Mr. McCarthy of Merrill Lynch said, "A 0.6 percent rise in PPI isn't positive no matter how you look at it."

"What it suggests for the immediate term is no more acceleration in inflation—but it's still too fast."

The producer price report was immediately coupled with the August U.S. employment data released a week ago, which showed a moderate 219,000 gain in nonfarm payrolls, following a 200,000 gain in July.

The report suggested to some that interest-rate increases engineered by the Federal Reserve this year may have begun to create some drag on a very strong pace of economic growth.

"There is evidence here that although the economy is moderating, it's moderating from a very, very rapid pace to a rapid pace," said Sam Kahan, chief economist at Klemow Benson Government Services Inc. (Reuters, AP, UPI)

Friday's OTC Prices

Friday's OTC Prices

NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,200 most traded securities in terms of dollar value. It is updated twice a year.

Via The Associated Press

Div.	V.	High	Low	Stock	Off.	V.	High	Low	PE	4 P.M. CDT
A										
1/2	14	14	13	AAW Rd	228	228	184	178	+ 10	12
1/2	11	11	10	ADC	100	100	84	78	+ 15	12
1/2	11	11	10	ADT	100	100	84	78	+ 15	12
1/2	11	11	10	ADT	100	100	84	78	+ 15	12
1/2	11	11	10	ADM	100	100	84	78	+ 15	12
1/2	11	11	10	ADM	100	100	84	78	+ 15	12
1/2	11	11	10	ADM	100	100	84	78	+ 15	12
1/2	11	11	10	ADM	100	100	8			

SPORTS

Accord Reached in Bid to End Legal Morass Ensnaring Cup

Compiled by Our Staff From Dispatches

SAN DIEGO — Alan Bond, the pugnacious Australian multimillionaire who rocked the sailing world five years ago by capturing the America's Cup, strode into town this week on a mission to rescue the trophy.

And in three days of negotiations, he helped forge an accord that could lift yachting's premier event out of the legal morass in which it has been ensnared.

Representatives of the three yacht clubs that have held the America's Cup, who termed themselves the trustees of the trophy, signed the agreement Thursday, calling it a landmark decision.

The representatives were from the New York Yacht Club, which held the cup from 1857 to 1983 (New York club members held the cup privately from 1851 to 1857); the Royal Perth Yacht Club of Australia, which won the Cup in 1983 and lost it in 1987; and the San Diego Yacht Club, which won it from the Australians.

It is hoped that the three-page agreement, by establishing a formula to choose fair boats and conditions to race in will take future Cup disputes out of court.

"Without this agreement," Bond said, "the Cup would have disintegrated."

Other prospective Cup participants also backed the plan, including Michael Fay, the New Zealand syndicate chief whose surprise challenge 14 months ago led to the current Cup series.

Fay's 132-foot (40-meter) monohull New Zealand and Dennis Connor's 60-foot catamaran Stars & Stripes were to square off Friday in the second race of the best-of-three series. Connor breezed to victory by 18 minutes in the first race on Wednesday.

Should Stars & Stripes win, Fay plans to challenge the result in court, contending that the catamaran and his monohull were mismatched. He said the Bond accord would not affect that case.

In calling for a 1991 regatta, the trustees suggested that the next match should be no earlier than two years after Fay's dispute is settled.

The agreement addresses the dispute that has plagued the current series: Who has the right to pick the type of boat in which to race?

Fay contends that the 101-year-old deed of gift, which governs America's Cup sailing, gives the right to a challenger, and whatever he selects must be met by a similar defender.

But the San Diego Yacht Club says that nowhere does the deed order that, counteracting that if the contestants cannot agree on a class of boat, the defender can sail anything within the deed's loose rules — any boat with a waterline length of 44 to 90 feet.

Snyder said that if the plan works for the next Cup, the panel would seek to have it amended to the deed of gift.

"This is our best shot, believe me," he said. "Maybe our only shot."

Frank Snyder, commodore of the New York Yacht Club, also said that the trustee consensus would not affect Fay's legal battle.

"Mr. Fay has his right to a day in court," said Snyder. "That has to be respected by all of us. Our arms are directed at the next match."

But for future Cups, the accord sets up a three-person panel to arbitrate disputes and assure that racing is done in boats of a single class.

The trustee plan sets a schedule for future challengers to bid for a "call-off." It gives challengers the right to nominate a common boat for the next series, to set the type of race course and number of races, and to select the date.

Failing agreement, a panel of three representatives, one from each trustee club, would arbitrate.

The panel also would oversee the defender, and if challenger and defender could not agree on a class of boat or a set of rules, the panel would arbitrate.

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(WP, NYT)



Andre Agassi after he defeated Jimmy Connors in straight sets.

Graf Gains as Evert Pulls Out; Sabatini Eliminates Garrison

Compiled by Our Staff From Dispatches

NEW YORK — Felled by a stomach virus, Chris Evert withdrew Friday from the women's semifinal here, giving Steffi Graf, the third-seeded Evert, who had reached the semifinals at the Open

U.S. OPEN TENNIS

for the 17th time in 18 years, was to have played Graf.

The West German, who is attempting to complete the first tennis Grand Slam since 1970, will meet Gabriela Sabatini of Argentina, the fifth seed, in the final. Sabatini beat No. 11 Zina Garrison of the United States, 6-4, 7-5, on Friday.

"I was nervous at the start," said Sabatini. "Tomorrow I think I have good chances." She is the only woman to beat Graf this year, defeating her in two of their three meetings.

Garrison, who upset Martina Navratilova in the quarterfinals, said: "The mental fight against Martina caught up with me today. I thought I played well, but I didn't play all the way through."

The withdrawal of Evert, 33, came just hours after Jimmy Connors, 36, was eliminated by Andre Agassi, 18, in a men's quarterfinal.

The setting was more electric than the tennis Thursday night as Agassi became the youngest men's semifinalist in U.S. Open history with a 6-2, 7-6 (8-6), 6-1 manhan-

dling of Connors. The sellout crowd was ready to rock, but Agassi rolled over Connors instead.

Agassi, seeded fourth, has won 23 straight matches and his last three tournaments, giving him six titles this year. With the victory over Connors, he has earned the title of the best U.S. player.

The third-seeded Evert, who had

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PEOPLE

New York City Opera Tops Christopher Keene

Christopher Keene, a 41-year-old conductor who resigned in 1987 as music director of the New York City Opera, will succeed Beverly Sills as general director of the company. He will assume the post on March 15. Sills will stay on until Keene takes over. "He was always my first choice," Sills said. As music director from 1983-86, Keene championed new operas, conducting scores by Philip Glass and Dominick Argento, among others. He is to lead the world premiere of Jay Reise's "Rasputin" on Sept. 17.

Lorin Maazel, the principal guest conductor and music director of the Pittsburgh Symphony Orchestra, will be the only classical artist performing on Sunday during the Sport-Aid '88 benefit for the Brazilian Red Cross in Rio de Janeiro. Maazel, who is also music director of the Orchestre National de France, will conduct the Brazilian Philharmonic in Khachaturian's "Sabre Dance."

Jean-Michel Jarre's music, fireworks and laser-beam extravaganza scheduled for Sept. 24 on the River Thames is being threatened by fears of fire and traffic jams. Officials have delayed until Monday a decision on whether to permit the show at the Royal Victoria Docks in East London. "People are thinking it is a heavy metal rock show and will generate violence and trouble," said the French composer and electronic music wizard. "But it is something else. It is a concert dealing with architecture. It is an experience."

A black-tie crowd of 250 people filed through a receiving line at the Metropolitan Museum of Art in New York to meet Robert Caspeau, the real estate and retailing magnate whose corporation recently took over the Federated Department Store's conglomerate that includes Bloomingdale's, Marvin Traub, Bloomingdale's chairman, and his wife, Lee, stood in the limelight with Campeau and his wife, Lee, to greet such luminaries as Mary McFadden, Liz Claiborne, Ralph Lauren, Doona Karan, Grace Mirabella, Anna Wintour, Estee Lauder, Ronald Perleman, Beverly Sills, L. M. Pei, Jerry Kosinski, Samuel LeFrak, and Malcolm Forbes.

POSTCARD

Gold Rush in Indonesia

By Michael Richardson
International Herald Tribune

DOINTAIN, Indonesia — Protected from the rain by a sheet of plastic tied over the mine shaft, Mohammed Samusi crouches by a fire as he waits for the heavy chunks of gold-bearing rock to crack in the embers.

His equipment is a hammer and a steel spike. When he has removed the split rock from the fire and broken it into smaller pieces, he will carry the load down the hill in a bucket to one of the crushers that operate 24 hours a day in this jungle mining community.

The crushers, home-made contraptions fashioned from timber and metal, are driven by small diesel engines carried into Pontain by porters or on motorcycles over a rough trail that winds through the hills from Pilehara in the southeast corner of Kalimantan.

The steel-tipped piles of the crushers pulverize the ore. A flow of muddy water carries the gravel down a chute lined with cotton twining that catches the heavy particles of gold.

The intense activity at Pontain is just one sign of gold fever that has brought tens of thousands of Indonesians into the jungles, river valleys, mountains and swamps of Kalimantan, Sumatra and Sulawesi in the past couple of years.

There are similar gold rushes in the southern Philippines, parts of Malaysia and the highlands of Papua New Guinea as prospectors and miners — many of them poor farmers, fishermen and laborers — try to strike it rich.

A few have made more money than they ever dreamed was possible. But, says Ab Wijenje, a geologist working in Kalimantan, "there's an element of dreaming to it all. That's the effect gold has had on people throughout history."

For Sanusi, 28, the back-breaking labor, some of it at the bottom of a narrow shaft 16 meters deep (about 50 feet) where the gold-bearing rock lies, has not yet yielded a reward. The income from sale of 50 grams of gold he and the other 13 miners in his group have recovered hasn't covered the cost of sinking the shaft. "Our boss paid for the timber to line the shaft," he explains. "He gives us food and we get a share of profits when he recovers his costs."

At a nearby shaft, arrangements are different. Jaiman, a 17-year-old

farmer's son from Java, Indonesia's most densely populated island, says he earns 5,000 rupiahs a day (about \$3), as a miner. That's more than double the daily wage he would get as a laborer or minor government official.

Pontain is a struggling settlement of huts. The roofs are an ugly jumble of blue and orange plastic, palm thatch and rusting corrugated tin. Mine shafts, some of them caved in and full of water, pockmark the floor of the valley and its lower flanks. About 300 Indonesians — miners, shopkeepers and their families — live here. Many pan for gold. Conditions are primitive. But Sud Bakus, one of six resident gold buyers, says there is no crime. "Life is hard," she explains, sitting on the floor of her shop behind a pair of scales, "but gold gives poor people hope."

A decision by the government in Jakarta to lift a five-year ban on gold exports in 1986, then grant new exploration contracts to joint venture companies covering more than 35 million hectares (85 million acres), about 19 percent of Indonesia's total land area, triggered a spate of claim jumping.

PONTAIN is a legal mining community. But many of the estimated 150,000 Indonesian miners and prospectors who have fanned out into the jungle are working illegally on concessions granted to gold mining companies.

Mining company executives report that many illegal miners use modern equipment paid for by syndicate bosses who buy the gold, refine it and smuggle the ingots to Taiwan, Hong Kong and Singapore to avoid taxes. These sources believe that illegal exports in 1987 totaled more than the 13 tons of Indonesian bullion sold abroad.

The central government in Jakarta has sent in police and troops to evict some illegal miners. But more often than not the miners disappear soon afterwards in another part of the same concession.

Several companies have tried to alleviate the problem by letting illegal diggers extract low-grade deposits that are not of primary interest to the concession holders.

One foreign geologist said the joint venture companies would have to learn to live with unauthorised miners. "You'll never stop all the illegal activity in a country as large as Indonesia," he added.

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